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Supreme Court, U.S.
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No.

IN THE

Supreme Court of the United States

WAL-MART STORES, INC.,

Petitioner,

v.

SAMARA BROTHERS, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. Whether clothing designs that vary from garment to garment, are inherently functional because they were chosen for their aesthetic appeal, and do not identify the source of the clothing, can be protected under the Lanham Act as "trade dress."

2. Whether a determination that trade dress is "source identifying" should, like issues of patent construction, be made by judges and not juries.

3. Whether the Copyright Act preempts New York state law.

4. Whether copyright protection is afforded to commonplace designs, such as hearts, strawberries, and flowers.

PARTIES TO THE PROCEEDING AND STATEMENT PURSUANT TO RULE 29.6

All parties in the Court of Appeals are designated in the caption. Petitioner Wal-Mart Stores, Inc. does not have a parent company and no publicly held company owns 10% or more of the stock of Wal-Mart Stores, Inc.

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REPORTED OPINIONS AND STATEMENT OF JURISDICTION

This petition seeks review of a judgment of the Court of Appeals for the Second Circuit that was rendered on December 28, 1998, and reported at 165 F.3d 120. A timely petition for rehearing and petition for rehearing en banc was denied on April 21, 1999. (App. 59.) This petition is filed within 90 days of that date as provided under Rule 13. Jurisdiction in this Court is founded on 28 U.S.C. § 1254(1).

The District Court's decision was reported at 969 F. Supp. 895. The Appellate Court and the District Court opinions are reprinted in the Appendix at pages 1 and 42, respectively.

STATUTORY PROVISIONS INVOLVED

Section 43 of The Lanham Act, 15 U.S.C. § 1125. False designations of origin, false descriptions, and dilution forbidden.

(a) Civil action

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which —

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

> (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,
>
> shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

The Copyright Act, 17 U.S.C. § 301. Preemption with respect to other laws.

> (a) On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.

The Copyright Act, 17 U.S.C. § 102. Subject matter of copyright: In general.

> (a) Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. Works of authorship include the following categories:

> (1) literary works;
> (2) musical works, including any accompanying words;
> (3) dramatic works, including any accompanying music;
> (4) pantomimes and choreographic works;
> (5) pictorial, graphic, and sculptural works;
> (6) motion pictures and other audiovisual works;
> (7) sound recordings; and
> (8) architectural works.

STATEMENT OF THE CASE AND DISTRICT COURT JURISDICTION

In this intellectual property case, a vendor of children's clothing won monopoly protection for some children's clothing designs for which "trade dress" protection was claimed and for other designs that were copyrighted, but consisted of commonplace designs such as hearts, strawberries, and flowers. The 2-1 Second Circuit decision was rendered over the strong dissent of Judge Jon O. Newman who explained how the majority had fundamentally misconstrued the Lanham Act and had also extended copyright protection to designs that were not original.

The case is significant because it reduces competition in the $100 billion garment industry; it bestows monopoly rights on companies which claim that, because clothing

designs are aesthetic, they designate the origin of the goods.[1] It also grants copyright protection to unimaginative, everyday designs.

Plaintiff Samara Brothers, Inc. ("Samara") designs and sells a line of children's clothing under its own branded label, "Samara." Defendant Wal-Mart Stores, Inc. ("Wal-Mart") is a national retailer of brand name and private label merchandise, including children's clothing. In 1996, Wal-Mart purchased some seersucker children's clothing from a vendor, Judy Philippine, Inc. Wal-Mart sold some of those goods under its own private label "Small Steps," and other goods under the label "Cuties by Judy," the brand name of its vendor, Judy Philippine.

Samara sued Wal-Mart and others, asserting federal and state law causes of action based on the copying of Samara's applique designs. Jurisdiction in the trial court was founded on 15 U.S.C. § 1121, 28 U.S.C. §§ 1331, 1334(b) and 1338(a) in that claims were asserted under the Copyright Act, 17 U.S.C. § 101 *et seq.*, Section 43 of the Lanham Act, 15 U.S.C. § 1125(a) and the doctrine of pendent jurisdiction. During the trial a Motion for Judgment as a Matter of Law was made by Wal-Mart and a decision was reserved by the trial court. All claims were submitted to the jury and verdicts in favor of Samara were returned on every claim. The jury awarded $912,856.77 for infringement of 13 Samara copyrighted applique designs and $240,458.53 under the Lanham Act for copying several designs that were not copyrighted but were found to embody Samara's trade dress.

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1. The American Apparel Manufacturers Association estimated "that the wholesale value of apparel available for consumption in the U.S. last year was $101 billion." Economic Newsletter of the American Apparel Manufacturers Association, *Sizing Up the U.S. Apparel Market*, March 1998 (available at http://www.americanapparel.org/gen_info_stats_home.html).

The trade dress claimed by Samara is based entirely on the visible features of the garments themselves — which vary from garment to garment. The trade dress is not based on any labeling, advertising, display materials or packaging. The claim thus falls within the category of "product or design" trade dress claims, not the category of "packaging" trade dress claims.

Verdicts for Samara were also returned on two pendant New York state law claims and the jury assessed damages on those two counts in the total amount of $50. A timely post-trial renewed Motion for Judgment as a Matter of Law, or in the alternative a new trial, was denied by Judge Denny Chin.

On appeal, Wal-Mart challenged the denial of the Motion for Judgment as a Matter of Law and the trial court's trade dress jury instructions. The majority affirmed the jury verdict, but found that $68,633.53 of the awarded trade dress damages could not be allowed since it represented Wal-Mart's profits on a garment that did not fall within the definition of Samara's trade dress — a definition that the majority crafted for the first time in its opinion. Judge Newman dissented and would have set aside the entire trade dress judgment and permitted damages for only one of six copyrighted designs challenged by Wal-Mart.

REASONS FOR GRANTING THE WRIT

Trade dress is protected only when it serves to identify to the consumer the source of the goods bearing the dress. Unlike copyright and patent law, which protect inventors' creative expressions as an incentive for invention, the Lanham Act protects consumers by assuring them that the source of goods is constant. This case is important because the majority opinion bestowed trade dress protection on goods which are not "source identifying."

The Court should grant review in this case in order to resolve an express conflict among the Courts of Appeals and to clarify the consequences of its 1992 decision in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763. In that decision, the Court resolved a conflict among the circuits and held that a party could obtain trade dress protection under the Lanham Act, 15 U.S.C. § 1125(a), for inherently distinctive designs without proof of secondary meaning. The Court at that time declined to grant review of the second question presented in that case — the proper scope of the trade dress doctrine of functionality. *Id.* at 767 n.6. Justice White's opinion emphasized that, in extending protection to trade dress despite the absence of any proof of secondary meaning, the Court believed that existing case law providing protection only to "nonfunctional, distinctive trade dress . . . . serves to assure that competition will not be stifled by the exhaustion of a limited number of trade dresses." *Id.* at 775. The Second Circuit majority decision in this case shows that this Court's 1992 expectation has not been fulfilled.

The lower courts continue to be plagued with uncertainty on how to implement the *Two Pesos* decision. Chief Judge Posner recently opined that "[t]he courts have struggled to articulate a standard for when a trade dress is sufficiently distinctive to be entitled to the prima facie protection of the Lanham Act." *Publications Int'l, Inc. v. Landoll, Inc.*, 164 F.3d 337, 338 (7th Cir. 1998), *cert. denied*, 119 S. Ct. 1498 (1999). A commentator recently stated that "[m]any courts have developed 'indigestion' in the wake of the Supreme Court's holding in Two Pesos v. Taco Cabana." Joseph R. Dreitler, *Courts Differ Over Trade Dress For Diverse Products*, National Law Journal, May 31, 1999, at C19. The decision below illustrates why this Court should now clarify the law in order to avoid allowing the doctrine of trade dress to extend monopoly protections to clothing designs that do not identify the source of the goods.

This case involves a specific branch of trade dress law involving "product configuration" — cases where the claimed

trade dress inheres in the appearance of the product itself, not its packaging or advertising. There is an express conflict in the Circuits on the proper legal standard for such cases. While all circuits require the plaintiff to show that its claimed trade dress serves primarily as a designator of the origin of the product, there are materially different additional requirements and variations among the circuits.

The Third Circuit standard, set out in *Duraco Products v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431, 1448-49 (1994), requires a plaintiff to show that its trade dress is: "(i) unusual and memorable; (ii) conceptually separable from the product; and (iii) likely to serve primarily as a designator of origin of the product." The Eighth Circuit has expressly rejected that formulation in *Stuart Hall Co., Inc. v. Ampad Corp.*, 51 F.3d 780, 787 (1995), where that court expressly considered the *Duraco Products* decision and expressly stated that it would "decline to adopt the Third Circuit's standard."

Unlike the Third Circuit, the Eighth Circuit does not require any element of "memorableness" and instead adopted the Second Circuit's test for trademark protection articulated in Judge Friendly's classic decision in *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976). The Fifth Circuit has similarly adopted the *Abercrombie* test. *Pebble Beach Co. v. Tour 18 Ltd.*, 155 F.3d 526, 540 (5th Cir. 1998); *Sunbeam Products, Inc. v. The West Bend Co.*, 123 F.3d 246, 252 (5th Cir. 1997). The Second Circuit itself, however, has clearly stated that "it does not 'make sense' to apply the *Abercrombie* test directly to product design or product configuration cases." *Landscape Forms, Inc. v. Columbia Cascade Company*, 113 F.3d 373, 377-78 (1997).

The conflict in the circuits is material to the decision in this case. If the Third Circuit requirement for proof of a trade dress "conceptually separable from the product" had been applied here, the Second Circuit would have had to reverse the

judgment because Samara's claimed trade dress cannot be separated from the garments themselves.

The majority decision in this case has been the subject of abundant commentary in legal literature. Samara's counsel in this case acknowledged publicly that until this decision, "the Second Circuit had rejected every single trade dress claim — arguably save one — that was based on the overall appearance or configuration of a line of goods." Stuart M. Riback, *After Years of Hinting, Circuit Extends Trade Dress Protection to Product Line*. New York Law Journal, Feb. 17, 1999, at 1. Another lawyer who reviewed the decision in this case described it as "significant in that trade dress protection for apparel designs is extremely rare and especially acute absent a showing that the design has achieved secondary meaning in the eyes of the public," a status that was concededly not attained by the Samara garments. Elizabeth Deen, *'Samara' Expands Trade Dress Protection for Clothes*, National Law Journal, May 31, 1999, at C12.

A similar commentary on the significance of this decision stated that it "has potentially far-reaching implications — that is, if it does not prove to be, as the dissent predicts, an 'aberrational result . . . limited to the facts of this case.' " Christopher L. McKee & Brian E. Banner, *Imitation Out of Fashion: Crucial 2nd Circuit Says That Designs Have Trade Dress Protection*, Legal Times, April 12, 1999, at 45 (supplement). The risks of this decision becoming a precedent for vast expansion of trade dress protections was noted by other lawyers who concluded that "by extending trade dress protection to variants of commonly adopted ornaments in a product line, the Second Circuit's ruling in *Samara* has made it easier for decoration to be found inherently distinctive." Parker H. Bagley & Paul J. Reilly, *U.S. Expands Availability of Trade Dress Rights*, IP Law Weekly, June 9, 1999, at 123, 125. The widespread commentary coming so recently after the decision evidences the importance of this case and the significant

precedential potential that warrants issuance of a writ from this Court.

There are additional reasons for granting review here. The majority decision found that the jury verdict rested on a legally impermissible concept of protected trade dress. However, instead of articulating the proper scope of legal protection and then remanding the case for a trial under that definition, the majority instead dissected the jury verdict and — in effect — made its own findings of fact in order to affirm the substantial part of the jury's verdict. That decision justifies review and consideration of the proper role of the judge and jury in determining whether designs are "source identifying" or merely aesthetic, and hence functional. The majority opinion is internally inconsistent on this point: while it says the jury is to decide if trade dress exists, the court itself performed that function.

An additional reason for granting review is to determine whether the Copyright Act preempts New York state law of unfair competition. In this case the Court of Appeals held there was no preemption, despite the fact that the only difference between the state and federal doctrines relates to the defendant's state of mind, an element that cannot save state law from the federal statutory preemption.

Finally, this Court should determine whether the Copyright Act protects commonplace designs such as hearts, strawberries, and flowers. The decision below, as Judge Newman observed, bestows the monopoly protection of the law on commonplace designs that are not original.

I.

SAMARA'S CLOTHING DESIGNS CANNOT BE PROTECTED UNDER THE LANHAM ACT BECAUSE THEY ARE PURELY FUNCTIONAL AND NOT INDICATIVE OF THE SOURCE OF THE CLOTHING.

Wal-Mart contended on appeal that two prior decisions in the Second Circuit authored by Senior Judge Oakes — *Knitwaves, Inc. v. Lollytogs, Ltd.*, 71 F.3d 996 (1995), and *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373 (1997) — were indistinguishable and required reversal here. The author of the majority opinion, Judge Parker, acknowledged that there were "substantial similarities between this case and Landscape Forms," but concluded that "in the end . . . the reasoning of *Landscape Forms* leads to a different conclusion in this case." (App. 10; 165 F.3d at 125.) Judge Gregory Carman, visiting from the United States Court of International Trade, joined Judge Parker's opinion without any additional comment. Judge Newman, on the other hand, concluded that the prior decisions did require a reversal of the trade dress judgment in this case. (App. 30; 165 F.3d at 133.)

In his majority opinion, Judge Parker did not accept either Samara's articulation of its own trade dress or the District Court's description of the trade dress. Indeed, Judge Parker found that the jury verdict had improperly applied a concept of trade dress that led them to award damages for garments that could not qualify even under the majority's view of protectable trade dress.

Judge Parker stated the protectable trade dress to include

> most if not all of the following elements: seersucker fabric used exclusively; two or three identically shaped and symmetrically placed cloth appliques (not screen printed) substantially similar to appliques

> displayed on Samara clothing in vibrant colors integrated into the collar (which is typically large and white), collar line and/or pocket(s), if any; single-piece, full-cut bodies; and the absence of three dimensional features, outlines and words.

(App. 18-19; 165 F.3d at 128.) Applying that definition, Judge Parker found that two of the 16 garments at issue did not evidence protectable trade dress. (App. 21-22; 165 F.3d at 129-30.) Each of those garments had "a single applique . . . on the center of the garment with no collar or pockets." (App. 21-22; 165 F.3d at 130.)

In his dissent, Judge Newman pointed out the problems with the majority's definition. He noted that of the 14 garments the majority found within its new definition, "four do not have the applique integrated on the collar or pockets; in two products, the applique is placed on the top front of the main fabric of the dress, and in the remaining two products, on a midriff running across the main fabric of the dress."[2] (App. 34; 165 F.3d at 134.)

It is apparent that not a single aspect of the majority's definition reflects any concept of a unique design, such as the Dallas Cowboys Cheerleader outfits, that can be associated with Samara as a source of garments. *See Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 202 (2d Cir. 1979). It is equally apparent that the elements of the trade dress are indistinguishable from the product itself.

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2. For the Court's convenience we have reproduced images of several Samara products in the Appendix. The products include one of the two products found by the majority to fall outside their definition of protectable trade dress (App. 61), one of the four found by Judge Newman to be inconsistent with the majority's definition (App. 62), and one that would appear to fit within that definition (App. 63).

A. Samara's Claimed Trade Dress Is Unprotected Because It Is Aesthetically Functional.

While the various Courts of Appeals agree that trade dress protection does not extend to "functional elements" of a product, they experience continuing difficulty in developing and applying a coherent concept of the difference between unprotectable functional elements and protectable non-functional trade dress. *See Publications Int'l, supra*, 164 F.3d at 339 ("the critics who argue that in application the concept [of aesthetic functionality] is mischievously vague certainly have a point . . . ."). Prior to the Court's *Two Pesos* decision, this difficulty had less importance, at least in those Circuits that required proof of secondary meaning to establish protectable trade dress. In the aftermath of that decision, it has become necessary to develop the concept of unprotected functionality in order to avoid excessive limits on competition as a result of expansive concepts of trade dress.

Prior to the decision in this case, the Second Circuit had been moving in the direction of a "bright line" presumption that materially assisted lawyers and their clients in avoiding trade dress problems. The touchstone of trade dress protection is the requirement that the alleged trade dress must be indicative as to the source of the products, not merely an element of the product itself. That requirement had led the Second Circuit to observe that a product's design or configuration is far less likely to be indicative of its source than is the packaging of that product.[3] The Circuit thus "appeared to be moving toward a rule that packaging is usually indicative of a product's source, while the design or configuration is usually not so." *Landscape Forms, supra*, 113 F.3d at 379.

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3. In *Two Pesos*, for example, the trade dress was part of the packaging of the product — the physical building housing the restaurant — rather than the product itself — the food served by the restaurant.

The decision here threatens to erode, if not eliminate, that distinction. Samara's trade dress is not based on any element of consistent packaging which would signal consumers that the products came from the same source. The claimed trade dress is based entirely on the garments themselves which send no signal of a common source. In short, the garments are the trade dress; there is no distinction between the products and the claimed trade dress.

Copyright law exists to protect original works from unauthorized duplication. But copyright law has specifically recognized the tension, at least with respect to clothing designs, between protecting originality and promoting competition. While a copyright will issue to cover a specific **fabric design**, clothing designers cannot obtain a copyright for a **dress design**. *See, e.g., Whimsicality, Inc. v. Rubie's Costume Co.*, 891 F.2d 452, 455 (2d Cir. 1989); 1 Nimmer on Copyright § 2.08[H][3] (1998).

The effect of the majority decision below, in the words of the dissent, is to provide a precedent whereby "dress designers [can] secure protection for their dress styles by claiming a 'look' protectable as trade dress under trademark law." (App. 32; 165 F.3d at 134.) That expansion of monopoly protection should not become a part of the body of accepted trademark law, especially in light of the particular importance of the law in the Second Circuit to the clothing industry which continues to use New York City as its predominant locale for merchandising.

B. Samara's Claimed Trade Dress is Too Vague and Amorphous to Warrant Protection.

The majority understated the facts when they said that "[i]t is certainly true that at times Samara's witnesses had difficulty constructing a coherent statement of the 'overall look' of the [Samara] product line . . . ." (App. 14; 165 F.3d at 127.) The Samara designer testified, "It's hard to put into words, but there is a look." (Trial tr. at 151.) She stated that "[t]he appliqued seersucker product is what Samara is known for in the children's

wear industry." (Trial tr. at 130.) Samara's Vice President of Sales and only other design witness further described that "appliqued look" as follows:

> The appliques are kind of all rounded type of feel edges on them. . . . [W]e wouldn't put something with rectangles or so into the scallop and change the feel of what we're trying to accomplish here. The rickrack and collar and pockets, it's getting the right shapes and sizes to fit into the collar and not overwhelm the whole design and picking the colors that we feel look correct on each product category. . . . [V]ery understated and eye-pleasing and soft colors . . . gentle colors.

(Trial tr. at 221-22.).

That witness, like the designer, was unable to articulate a precise definition of the "look": "Q: What would make the Samara look? A: It's just the feel of the garment. It's something that you have to understand being their doing it for 15 years . . . ." (Trial tr. at 262.) He amplified on the supposed "look" by stating that

> Samara . . . clothing has very large, colorful, distinct full appliques. The placement of the appliques are such that it's an integral part of the design. They use probably a little better fabrics and their clothes are very classic . . . . [Y]ou can recognize a Samara [b]ecause the appliques are so distinctive . . . . Q: Is it just the applique that identifies the Samara garment to you? A: No, it's the whole, the way it's placed.

(Trial tr. at 534-35.) "The Samara look is a combination, not only of the appliques, but plus the quality of the fabric they use. It's where they place the appliques and it's a combination of clean look. It all goes to incorporate what we consider a Samara look. It's not just appliques." (Trial tr. at 557.)

The trial judge, as well as the Court of Appeals, recognized that the trade dress definition offered by Samara was too vague to be allowed. It simply did not identify a common thread that was source-identifying. Judge Chin specifically refused to include any provision in the injunction based on claims of trade dress, finding that "Samara has not been able to suggest sufficiently specific language." (App. 54; 969 F. Supp. at 901.)

The Court of Appeals recognized that the trial court had failed to adequately define the protected look and therefore crafted an entirely new definition. Wal-Mart's submits that when the trial court cannot find "sufficiently specific language" to describe the trade dress for purposes of an injunction and the Court of Appeals has to fashion a new definition, the alleged "look" is necessarily based on a vague and amorphous definition of trade dress that cannot stand. Allowing trade dress protection for such an amorphous description will inevitably chill competition.

II.

THE COURT OF APPEALS' REDEFINING THE TRADE DRESS TO SALVAGE A JURY VERDICT WAS ERROR AND DEMONSTRATES THE NEED FOR CLARITY ON THE RESPECTIVE RESPONSIBILITIES OF THE JUDGE AND JURY.

A. The Redefining Was Error.

The Court of Appeals found that at least part of the jury verdict was based on a legally impermissible concept of Samara's protectable trade dress. The majority correctly recognized that the garments the jury had found to embody the protected trade dress were a collection of designs that lacked a common theme. The majority therefore properly rejected the jury verdict. But the Court proceeded to salvage the jury's flawed verdict by crafting its own articulation of the protectable trade dress and modifying the judgment to fit that new articulation.

The majority's error was compounded by the fact that the definition it developed was specifically rejected by Samara itself during the trial. The majority defines the protectable trade dress as encompassing:

> seersucker fabric; large bold appliques; large collars with the appliques generally integrated into the collar and any pockets on the garment; general absence of printed images, black outlines, alphanumeric characters, three-dimensional features or heavy ornamentation . . . and full-cut, one-piece conservative bodies.

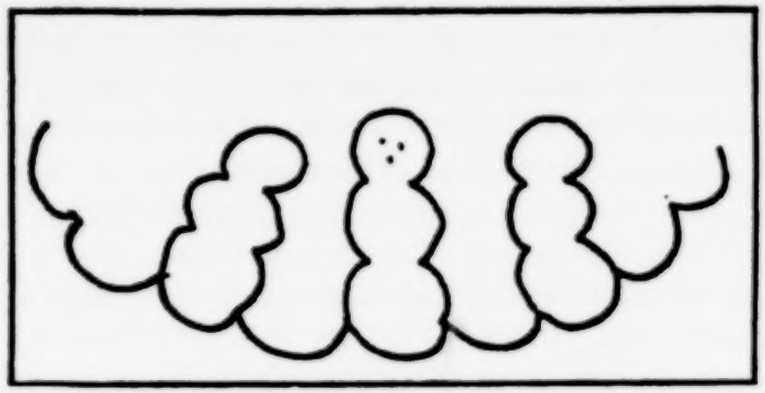
(App. 13; 165 F.3d at 126.). The Plaintiff never espoused this articulation. In fact, it was specifically **rejected** by Samara at trial.[4]

As the majority itself noted, Samara's complaint provided an "insufficient description of the . . . trade dress to qualify for protection." (App. 13 n. 2; 165 F.3d at 126 n. 2.). That initial insufficiency was never overcome during the trial. Samara articulated one definition of its allegedly protected trade dress in the complaint, a different version in its argument to the jury, yet a third version in its proposed injunction, and at least five conflicting articulations in their brief in the Court of Appeals. The majority compounded this consistent inconsistency by adopting yet another definition of Samara's protectable trade dress.

The majority's definition was raised at trial and specifically rejected by Samara's own witness during cross-examination. At trial Wal-Mart's counsel drew the following sketch of a collar

4. The majority in fact contradicted itself when it subsequently added the element of "vibrant colors" to the definition to be used by the District Court in re-fashioning an injunction. (App. 18; 165 F.3d at 128). The majority opinion cites no evidence in the record to support inclusion of that element in the protected trade dress.

and snowman applique design in the courtroom on a large presentation flip chart:



After Wal-Mart's counsel had completed that sketch, he asked the witness, who had been called by Samara, whether the drawing embodied "the Samara look" and the witness responded "not at all." (Trial tr. at 260.) Yet the majority's definition of the protected trade dress plainly encompasses that courtroom sketch: that design is a "row of three identically shaped and symmetrically placed appliques . . . integrated into the collar. . . ." (App. 18-19; 165 F.3d at 128.)

The invalidity of the majority's decision is further evidenced by the fact that the majority found that unless a garment was made of "seersucker fabric," it could not have the "Samara look" since seersucker fabric was an essential aspect of Samara's protectable trade dress. (App. 18, 20; 165 F.3d at 128-29.) The majority expressly remanded with instructions to modify the injunction to provide that "[t]he protected trade dress will include . . . seersucker fabric used exclusively." (App. 18; 165 F.3d at 128.)

That conclusion is, however, flatly inconsistent with the testimony of Samara's own witnesses. At trial, Samara's Vice-President of Sales was asked whether one would "have to have seersucker with this [design] for this to be the Samara look?"

He unequivocally replied, "No." (Trial tr. at 262.) It is simply untenable for an appellate court to conclude that an element is essential to Samara's protected trade dress when Samara itself disclaims any reliance on that element.

Wal-Mart submits that the majority opinion must necessarily be flawed when it adopts as the proper definition one that Samara's own witness specifically rejected. That flaw is, we submit, based on an impermissible desire to sustain the verdict despite the absence of evidence in the record to support the trade dress definition that has been newly crafted in the majority opinion.

In so acting the Court of Appeals set out on a novel, dangerous and improper procedural path. Where, as here, a jury verdict is based on a legally erroneous foundation, the Court of Appeals should vacate the flawed judgment. When the Court of Appeals instead dissects the judgment and sets aside only a portion, it effectively becomes a trial jury assessing damages. That practice justifies review by this Court.

B. The Redefining Demonstrates the Need to Clarify the Responsibilities of the Judge and Jury.

The Court of Appeals and the trial judge may have been influenced to allow this verdict by an unnecessarily wide concept of deference to a jury. The sufficiency of the evidence of a protectable trade dress raises an issue of law, not an issue of fact. Indeed, given the nature of the trade dress issues, it would be reasonable for this Court to conclude that the issue of whether trade dress is an indicator of source is one for the court itself to decide.

Trade dress issues are in significant ways similar to the issues faced by courts in patent cases. It is now clear that the construction of patent claims is a task for the court, not the

jury. *Markman v. Westview Instruments*, 517 U.S. 370 (1996). This Court reached that conclusion by careful attention to the proper functions of the court and the jury in intellectual property cases. The Court has recognized that there is a danger of extending the inherently monopolistic nature of intellectual property concepts if the scope of protection is left to the jury. Courts are to decide the legally proper limits of patent claims; the jury is to decide whether the defendant has infringed those limits as defined by the court.

The majority opinion plainly rejects any thought that the jury verdict in this case should be treated any different, for purposes of appellate deference, from any other jury verdict. Judge Newman, however, recognized that "the boundaries within which an issue is reasonably a fact issue for a jury are narrower in some contexts than in others." (App. 36; 165 F.3d at 135.) He recognized that a finding of protectability of trade dress differs significantly from a finding of historical fact. Protectable trade dress is a legal, not factual, concept. As such it should be reviewed *de novo* by the court of appeals. While it may be an issue properly submitted to the jury in the first instance, it is one properly viewed with fresh eyes on appeal.

III.

NEW YORK STATE LAW IS PREEMPTED BY THE COPYRIGHT ACT.

The Copyright Act explicitly preempts all state laws that protect "legal or equitable rights that are equivalent to any of the exclusive rights **within the general scope** of copyright as specified in" federal law. 17 U.S.C. § 301(a) (emphasis added). In this case the jury found that Wal-Mart's copying of Samara's designs had violated New York's common law of unfair competition and the New York General Business Law § 349. Those state laws also served as a basis for generous attorneys fees. The Court of Appeals upheld the jury verdict on these

claims. Both state law claims are, we submit, preempted by the Copyright Act.

The Second Circuit has repeatedly held "that unfair competition . . . claims grounded solely in the copying of a plaintiff's protected expression are preempted by section 301." *Computer Associates Int'l, Inc. v. Altai, Inc.*, 982 F.2d 693, 717 (2d Cir. 1992); *Walker v. Time Life Films, Inc.*, 784 F.2d 44, 53 (2d Cir.), *cert. denied*, 476 U.S. 1159 (1986); *Warner Bros., Inc. v. American Broadcasting Cos.*, 720 F.2d 231, 247 (2d Cir. 1983); *Durham Indus., Inc. v. Tomy Corp.*, 630 F.2d 905, 919 (2d Cir. 1980). This case is just such an unfair competition case.

Samara's common law unfair competition claim is a copycat of its copyright claims and alleges nothing more, in its essence, than the act of copying. Prior Second Circuit decisions had recognized that some forms of unfair competition will have an "extra element" beyond mere copying and thus are not pre-empted. "These [non-preempted claims] include unfair competition claims based on breaches of confidential relationships, breaches of fiduciary duties and trade secrets." *Computer Associates*, 982 F.2d at 717 (citation omitted). There is no such claim of breach of duty or theft of trade secrets in this case. Samara's common law claims are nothing more nor less than copyright claims in state law clothing.

Samara's claim under the New York General Business Law is similarly defective. The jury instruction on this claim was plain and simple. The jury was told that "[i]f you find that Samara has proved that Wal-Mart has engaged in deceptive business practices, you should find in favor of Samara . . . ." (Trial tr. at 679-80.) Judge Chin specifically defined a deceptive trade practice as "acts and practices with respect to the sale of clothing that infringed Samara's copyrights . . ." and thus effectively equated, in the jury's mind, copyright liability with liability under the General Business Law. Preemption by the Copyright Act could not be clearer. Since the state law claim

was defined solely in terms of a violation of the federally protected right, the state claim falls squarely within the scope of the federal preemption.

The Court of Appeals mistakenly concluded that the state law claims had an "extra element" that avoided preemption. The Court concluded that "intentional deception" was an extra element of the state law claims that was not present in the federal claims. (App. 26; 165 F.3d at 131.) The Court distinguished its own prior decisions that had rejected any additional element of the defendant's state of mind as a reason to avoid preemption by making the remarkable statement that " 'intentional deception' as charged refers to actual deceptive effect on consumers, not to Wal-Mart's state of mind." (*Id.*) That conclusion was simply wrong. No jury could have so distorted the common sense meaning of the language.

Samara's New York state law claims are based on misappropriation and copying and hence are preempted by federal copyright law. Samara's common law unfair competition claim seeks relief from Wal-Mart's "improper copying" and "unjustified misappropriation" of Samara's garments. (Amended Complaint at ¶ 55; *see also* Samara's Legal Contentions in Joint Pretrial Order at ¶¶ 1-2 ("By selling clothing which infringed Samara's copyrights in the Samara Designs and Samara's trade dress rights, Wal-Mart *misappropriated a commercial advantage* belonging to Samara.") (Emphasis added)). Because "this claim sounds in misappropriation, it is preempted by federal copyright law." *Arden v. Columbia Pictures Industries, Inc.*, 908 F. Supp. 1248, 1264 (S.D.N.Y. 1995).

Samara's GBL § 349 claim is also grounded in misappropriation and copying and, as such, is preempted by federal copyright law. Although Samara has characterized its GBL § 349 claim as alleging "passing off," Samara cannot disguise the gravamen of this claim, and, for that matter,

Samara's entire case — misappropriation and copying. Samara's trade dress claim parrots its copyright claim and, as explained by Samara in its opening statement, Samara's "theories of unfair competition and violation of various New York statutes . . . [are] basically just different ways of putting the same ideas into legalese." (Trial tr. at 33.) Through its state GBL § 349 claim, Samara seeks to protect federal rights that are already protected by federal copyright law. Thus, like Samara's state unfair competition law claim, the GBL § 349 claim "is necessarily preempted" because it seek to protect a right that is "coextensive with an exclusive right already safeguarded by the [Copyright] Act. . . ." *Harper & Row Publishers, Inc. v. National Enterprises, Inc.*, 723 F.2d 195, 201 (2d Cir. 1983), *rev'd on other grounds*, 471 U.S. 539 (1985).

IV.

REVIEW IS WARRANTED TO CORRECT THE ERROR IN EXTENDING THE SCOPE OF COPYRIGHT PROTECTION.

Samara claimed damages for infringement of 13 separate copyrights. On appeal, Wal-Mart challenged the validity of six of those 13, arguing that the designs lacked sufficient originality to justify protection. The Court of Appeals majority rejected the argument, found that "Wal-Mart provided no evidence at trial challenging the validity of the copyright registrations" and therefore affirmed the entire copyright judgment. (App. 28-29; 165 F.3d at 132.) This decision was simply wrong.

As Judge Newman pointed out, a party challenging a copyright for lack of originality need not, in a case like this, present any extrinsic evidence. (App. 40; 165 F.3d at 137) ("I would have thought a court could take judicial notice of the fact that the outline of an unadorned heart is sufficiently common to lack minimal originality. . . ."). When a copyright issues to

cover a simple heart-shaped design, the lack of originality is self-evident, as it was to Judge Newman. (*See* Respondent's Exh. 6A, App. 63). In any event, Wal-Mart did submit evidence that the designs were not original, as Judge Newman noted. (App. 40; 165 F.3d at 137) (Wal-Mart exhibits were "ample evidence" of the lack of minimal originality).

The decision below extends copyright protection to the simplest rendition of three hearts, three strawberries, three daisies, and three tulips. As Judge Newman noted, these objects are "sufficiently common to lack minimal originality." (App. 40; 165 F.3d at 137.) This Court should reaffirm its decision in *Feist Publishing, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340, 345 (1991) (citations omitted), that a "minimal degree of creativity" is necessary to obtain a copyright and apply that principle to invalidate several of Samara's copyrights.

CONCLUSION

For the reasons stated above, Petitioner Wal-Mart respectfully submits that this Court should grant Wal-Mart's Petition for Writ of Certiorari in this action.

Respectfully submitted,

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APPENDIX

APPENDIX A — OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT DATED, DECIDED AND FILED DECEMBER 28, 1998

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

August Term, 1997

(Argued: June 9, 1998 Decided: DEC 28, 1998)

Docket No. 97-7933(L), 97-9003(Con)

SAMARA BROTHERS, INC.,

Plaintiff-Appellee,

v.

WAL-MART STORES, INC.,

Defendant-Appellant.

BEFORE: NEWMAN and PARKER, *Circuit Judges*, and CARMAN*, *Chief Judge, U.S. Ct. of Int'l Trade*.

* * *

PARKER, *Circuit Judge*:

Appellant Wal-Mart Stores, Inc. ("Wal-Mart") appeals from a judgment of the United States District Court for the

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* The Honorable Gregory W. Carman, Chief Judge of the United States Court of International Trade, sitting by designation.

Southern District of New York (Denny Chin, *Judge*) entered July 17, 1997, after a jury trial, denying Wal-Mart's Motion for Judgment as a Matter of Law on appellee Samara Brothers' claims of violations of the Copyright Act, 17 U.S.C. § 101 *et seq.*, section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), and New York deceptive trade and unfair competition laws. Wal-Mart also seeks a new trial claiming that the district court erred in its jury instructions.

I. BACKGROUND

Samara is a manufacturer of children's clothing. The core of Samara's business is its line of spring/summer seersucker children's garments. Wal-Mart is a national chain of retail stores which sells a variety of items, including children's clothes. In 1995, Wal-Mart contracted with Judy-Philippine, Inc. ("JPI") to have JPI manufacture for Wal-Mart a large quantity of children's seersucker garments to be offered for sale under Wal-Mart's house label, "Small Steps," in the 1996 spring/summer season. The samples on which the Wal-Mart buyers' orders of JPI garments were based were actually Samara garments. In other words, the Wal-Mart paperwork preparatory for placing an order bears photographs of the garments being ordered, and in many of those photographs the name "Samara" is readily discernible on the hangtags and/or neck labels of the garments.

When JPI manufactured the clothes, it copied sixteen of Samara's garments with some small modifications to produce the line of clothes required under its contract with Wal-Mart. Wal-Mart then sold these items in its stores under the "Small Steps" label. Samara holds copyright

registrations on thirteen of the sixteen garments copied. Sales of these items generated over $1.15 million in gross profits for Wal-Mart during the 1996 selling season.

In early June 1996, a buyer at J.C. Penney, one of a number of stores which sells Samara's clothing under contract with Samara, called Samara's offices to complain that she had seen Samara garments on sale at Wal-Mart for a retail price lower than J.C. Penney could charge under its contract with Samara. Samara advised the caller that it did not supply clothing to Wal-Mart. At that point, Samara representatives investigated the children's clothes racks at Wal-Mart and other similar stores — K MART, Caldor, Hills and Goody's — and determined that garments that appeared to be copies of Samara garments were being sold at each of the stores. Wal-Mart alone sold the JPI garments under its own house label. The other stores sold the garments under the JPI label, "Cuties by Judy."

After sending unsuccessful cease and desist letters, Samara brought suit against the stores and JPI asserting claims for copyright infringement, trade dress infringement, violations of the New York consumer fraud statute and the New York common law of unfair competition. Wal-Mart asserted cross-claims against JPI for indemnification. JPI and all of the defendant stores except Wal-Mart settled with Samara.

Samara's claims against Wal-Mart proceeded to a week-long trial at the conclusion of which a jury found Wal-Mart liable on each of Samara's four claims. The jury found that Wal-Mart had wilfully infringed Samara's rights, awarding

Samara $912,856.77 on the copyright claims, $240,458.53 for the Lanham Act violation and $50 for the state law violations. Wal-Mart then moved for judgment as a matter of law and Samara moved for injunctive relief, enhancement of damages, an award of attorneys' fees and prejudgment interest.

The district court denied Wal-Mart's motion, choosing to address by opinion the trade dress claim which the court stated was the most difficult issue in the case. *See Samara Brothers, Inc., v. Judy-Philippine, Inc.*, 969 F. Supp. 895 (S.D.N.Y. 1997). The district court granted Samara's request for injunctive relief, electing to draft its own injunction rather than accepting Samara's proposed injunction. The district court awarded Samara attorneys' fees of $275,000 and costs of $33,196 based on the Lanham Act and pendent state law judgments but denied the motion for enhancement of damages and prejudgment interest.

II. DISCUSSION

On appeal, Wal-Mart asserts that the district court erred in the following four decisions: (1) failing to set aside the verdict on the Lanham Act claim; (2) refusing to give Wal-Mart's requested jury instruction on labels in the clothes; (3) declining to find the state law claims preempted by the Copyright Act; and (4) rejecting the assertion that certain of Samara's copyrights are invalid as a matter of law.

A. *Standards of Review*

With the exception of the jury instruction claim, all issues raised on appeal arise from the district court's denial

of Wal-Mart's Motion for Judgment as a Matter of Law. This Court reviews a district court's denial of a Motion for Judgment as a Matter of Law "*de novo* and . . . view[s] the evidence in a light most favorable to the non-movant, granting that party every reasonable inference that the jury might have drawn in its favor." *Schlaifer Nance & Co. v. Estate of Warhol*, 119 F.3d 91, 98 (2d Cir. 1997). This Court "will set aside a jury's verdict and award judgment as a matter of law only when the evidence is such that, without weighing the credibility of the witnesses or otherwise considering the weight of the evidence, there can be but one conclusion as to the verdict that reasonable jurors could have reached." *Id.* (quotation and citations omitted). Judgment as a matter of law "is reserved for those rare occasions when there is such a complete absence of evidence supporting the verdict that the jury's finding could only have been the result o[f] sheer surmise and conjecture." *George Basch Co. v. Blue Coral, Inc.*, 968 F.2d 1532, 1536 (2d Cir. 1992) (alteration in original, quotation and citations omitted).

Wal-Mart argues on appeal that we should not strictly observe this standard of review because the "trend" in intellectual property law is to reserve issues similar to the protectability of a claimant's trade dress as a task for the court, not a jury, to decide. For this proposition, Wal-Mart cites *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996). Without asking the Court to take the trade dress issue away from the jury, Wal-Mart seeks application by this Court of a lower level of deference for the jury's verdict in light of the so-called "trend" created by *Markman*.

We find no such "trend" reflected in the case law nor do we find any law to support enforcement of a more rigorous review of a jury verdict in a trade dress case. The Court in *Markman* held only that judges, not juries, are charged with construction of a patent, that is, deciding what the "words in the [patent] claim mean." *Id.* at 374 (quotation and citation omitted). The Court specifically noted, however, that "there is no dispute that infringement cases today must be tried to a jury, as their predecessors were more than two centuries ago." *Id.* at 377. There is no language in *Markman* which would extend its holding to non-patent cases. As there is no written document to construe in a trade dress controversy, we see no reason to read *Markman* as impacting the jury's role in those cases.

Our sister circuits have also recognized the "fact sensitive" nature of the trade dress inquiry. *See, e.g., Ambrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1535 (11th Cir. 1986). Moreover, there is no reason, in our view, to lack confidence in the ability of a jury, when presented with a trade dress claim, to consider thoughtfully the evidence presented and to evaluate that evidence under the standards charged by the district court.[1] Our system relies on juries to perform these tasks even when the factual issues are challenging and subtle.

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1. We also find no reason to believe that a jury cannot distinguish between the protections afforded by the Lanham Act and those afforded under the Copyright Act. *See, e.g., Keystone Retaining Wall Systems, Inc. v. Westrock, Inc.*, 997 F.2d 1444, 1447 n.2 (Fed. Cir. 1993) (jury verdict rejecting plaintiff's trade dress claim but finding in favor of plaintiff on copyright claim).

As to the standard of review with respect to Wal-Mart's jury instruction claim, this court has held that "[a] jury instruction is erroneous if it misleads the jury as to the correct legal standard or does not adequately inform the jury on the law. An erroneous instruction requires a new trial unless the error is harmless." *United States v. Masotto*, 73 F.3d 1233, 1238 (2d Cir.) (quotation and citations omitted), *cert. denied*, __ U.S. __, 117 S.Ct. 54 (1996).

B. *Lanham Act Claim*

Section 43(a) of the Lanham Act provides a cause of action against any person who:

> in connection with any goods . . . or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, . . . which . . . is likely to cause confusion, or to cause mistake, or to deceive . . . as to the origin, sponsorship, or approval of his or her goods . . . by another person.

15 U.S.C. § 1125(a). This Court has noted that the purpose of trade dress law is "to protect an owner of a dress in informing the public of the source of its products, without permitting the owner to exclude competition from functionally similar products." *Jeffrey Milstein, Inc. v. Greger, Lawlor, Roth, Inc.*, 58 F.3d 27, 33 (2d Cir. 1995).

To recover for trade dress infringement under Section 43(a), a plaintiff must prove two elements: (1) that its trade

dress is protectable because (a) it is inherently distinctive or (b) it has acquired distinctiveness by achieving a "secondary meaning" in the marketplace; and (2) that there is a likelihood of confusion between its product and the defendant's product. *Fun-Damental Too, Ltd. v. Gemmy Indus. Corp.*, 111 F.3d 993, 999 (2d Cir. 1997).

Wal-Mart argues that as a matter of law Samara's Section 43(a) claim fails for two reasons: (1) Samara's clothes are not so "distinctive as to source" as to be entitled to trade dress protection, and (2) the goods sold by Wal-Mart did not create "confusion among consumers" as to the source of the goods. Samara answers that there was sufficient evidence in front of the jury that its line of seersucker children's clothing is source-identifying in the designs and that the evidence showed that Wal-Mart's wilful pirating of Samara's designs constituted confusion in the marketplace as to the source of the goods. We agree with Samara that the jury's trade dress verdict should be affirmed.

1. *Distinctiveness of Samara's Clothes*

At the outset, we note that there is no assertion in this case that Samara's seersucker garments have acquired "secondary meaning" in the marketplace. Rather, at issue in the first instance is whether the garments are "inherently distinctive." Moreover, although trade dress protection is often sought for a product's packaging (e.g., the Toilet Bank's display box in *Fun-Damental Too*), Samara seeks protection for the design of its garments, which is more difficult to obtain.

In two recent opinions authored by Judge Oakes, *Knitwaves, Inc. v. Lollytogs, Ltd.*, 71 F.3d 996 (2d Cir. 1995) and *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373 (2d Cir. 1997), this Court addressed the analysis of "distinctiveness" in product design cases. In both cases, we determined that the relevant question in assessing the inherent distinctiveness of a product's design is "whether the design was likely to be understood as an indicator of the product's source." *Landscape Forms*, 113 F.3d at 378 (citing *Knitwaves*, 71 F.3d at 1008).

Wal-Mart argues that the facts of this case are indistinguishable from those of *Knitwaves*, in which we declined to extend trade dress protection to the "fall motif" design on two sweaters manufactured by Knitwaves, Inc. Finding that the designs served an aesthetic, not a source-identifying, purpose, this Court noted that the designs failed to meet the statutory requirement "that a person 'us[e]' or 'inten[d] to use' the mark 'to identify and distinguish his or her goods . . . . from those manufactured or sold by others and to indicate the source of the goods.' " *Knitwaves*, 71 F.3d at 1008 (alteration in original) (quoting *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 162 (1995); 15 U.S.C. § 1127). Subsequently, this Court observed that "there was no reason to believe that the designs were likely to be understood as an indication of the manufacturer of the sweaters." *Landscape Forms*, 113 F.3d at 378 n.3.

We find the record in this case entirely distinguishable. Here, the jury heard the testimony of Samara's Vice-President for sales that Samara chose to design its line of spring/summer seersucker children's clothes using

consistent design elements so that the look would be identified with Samara, building brand loyalty. Samara has produced this very same product line for years, and it represents, according to the witness's testimony, "the core [of Samara's] business" and the "lifeblood of the company." When Samara has produced other lines of clothes reflecting different designs, its sales have suffered. In *Knitwaves*, by contrast, the two sweaters were part of a line of fall clothes that had never before been manufactured by Knitwaves nor did the evidence reveal any intent on the part of Knitwaves to establish the "fall motif" as its core product by which it would be recognized in the marketplace. Thus, *Knitwaves* does not provide a basis upon which to afford Wal-Mart judgment as a matter of law.

On the other hand, we do find, at Wal-Mart's urging, substantial similarities between this case and *Landscape Forms*. However, in the end we find that the reasoning of *Landscape Forms* leads to a different conclusion in this case. Wal-Mart contends that analogous to the description of the furniture's trade dress in *Landscape Forms*, the portrayal in the trial record of Samara's "overall look" is too vague and insufficiently articulated to qualify for trade dress protection. The Court in *Landscape Forms* discussed the uphill battle that a plaintiff confronts when seeking trade dress protection for an entire line of products noting that:

> a trade dress plaintiff seeking to protect a series or line of products faces the particularly difficult challenge of showing that the appearance of its several products is sufficiently distinct and unique to merit protection as a recognizable trade

> dress. Furthermore, a claim of trade dress covering an array of items is likely to be broader than one for an individual product's design. Accordingly, when protection is sought for an entire line of products, our concern for protecting competition is acute.
>
> Saying this, we still recognize that there is no question that trade dress may protect the "overall look" of a product. Thus, "[a]lthough each element of a trade dress individually might not be inherently distinctive, . . . the combination of elements" may be indicative of source. Nonetheless, focus on the overall look of a product does not permit a plaintiff to dispense with an articulation of the specific elements which comprise its distinct dress. Without such a precise expression of the character and scope of the claimed trade dress, litigation will be difficult, as courts will be unable to evaluate how unique and unexpected the design elements are in the relevant market. Courts will also be unable to shape narrowly-tailored relief if they do not know what distinctive combination of ingredients deserves protection. Moreover, a plaintiff's inability to explain to a court exactly which aspects of its product design(s) merit protection may indicate that its claim is pitched at an improper level of generality, i.e., the claimant seeks protection for an unprotectable style, theme or idea.

Landscape Forms, 113 F.3d at 380-81 (alteration in original, citations omitted).

At issue in *Landscape Forms* was the legitimacy of a preliminary injunction which had issued from the trial court. The injunction prohibited the defendant, a furniture manufacturer, from marketing a line of outdoor furniture that the plaintiff, Landscape Forms, Inc., claimed violated its trade dress. Landscape Forms Inc., resembling Samara here, sought protection for the "overall look" of its furniture which it claimed was distinctive as to source. It described its furniture in its appellate brief as follows: the trade dress "incorporates large three-inch tubing, with a powdered cosmetic finish, bent in gentle turns that roll around the perimeter of the furniture which in combination with the various seating surfaces gives the viewer a floating or suspended feeling." *Id.* at 381.

The Court found that the descriptions "fail to indicate what unique combination of features makes the trade dress of the ten items in the [Landscape Form's product line] inherently distinctive under the *Knitwaves* test, i.e., likely to be perceived by consumers as bearing the stamp of their maker." *Landscape Forms*, 113 F.3d at 381-82. Further, the general notion of furniture "which is at once massive, yet appears to float" was too abstract to qualify as trade dress. *Id.* at 382.

In this case we find that the evidence adduced at trial sufficiently depicts the "distinctive combination of ingredients" in Samara's trade dress, warranting protection

under Section 43(a).[2] *Id.* at 381. Those specific design elements in the record, from designer Kathy Gosda's testimony, included the typical use of: seersucker fabric; large bold appliques; large collars with the appliques generally integrated into the collar and any pockets on the garment; general absence of printed images, black outlines, alphanumeric characters, three-dimensional features or heavy ornamentation (such as bibs or fringe) which are frequently used in children's clothing; and full-cut, one-piece conservative bodies.

This level of specificity appears to meet the concerns raised by *Landscape Forms*. There, the only unifying feature in the furniture was the use of a three-inch pipe or tube and even that was not used for some of the items in the product line (e.g., the trash cans). *Landscape Forms*, 113 F.3d at 382. Further, it was admitted by the president of Landscape Forms, Inc., that the bent tubes are commonly used in outdoor furniture. *Id.* In the end, the only "specifics" common to all of the products in the line were that they had the appearance of being "substantial" yet "light" as if the products were "floating." *Id.* at 381-82.

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2. In its brief on appeal, Wal-Mart counsels us to focus first on Samara's complaint as proof of the "totally amorphous nature" of its trade dress claim. We agree that the complaint provides an insufficient description of the "inherent distinctiveness" of the trade dress to qualify for protection. We note, however, that the jury was presented with far more than allegations of the complaint. We cannot look at the complaint in a vacuum; rather, we must focus on all of the evidence adduced at trial, including dozens of garments submitted by both parties, when reviewing the jury's conclusions.

It is certainly true that at times Samara's witnesses had difficulty constructing a coherent statement of the "overall look" of the product line based on the above-listed design elements. They often resorted to calling the look "simple," "elegant" or "conservative." However, as a whole, the record divulges the specific elements mentioned above which, when combined, create a distinctive overall look. The jury was entitled to rely on that testimonial evidence as well as its own analysis of the dozens of garments displayed at trial to conclude that Samara's product line is "inherently distinctive." In fact, one of Wal-Mart's buyers testified that he could recognize the "Samara type of look" when looking at garments.[3] Thus, viewing the evidence in

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3. There is some debate between the parties about this testimony from Mr. Kleist, one of Wal-Mart's buyers. Mr. Kleist was asked on re-cross about the JPI samples he viewed when ordering garments from Wal-Mart. It is undisputed that some of those samples were Samara garments and had Samara labels. Mr. Kleist testified that he did not remember which garments had labels. He was then asked "Did you recognize any of these garments as being Samara garments?" He replied, "I recognized the Samara type of look but do I know if they had Samara labels in them, no." We agree with the district court that this response indicates that Mr. Kleist recognizes that there is a "Samara type of look."

Wal-Mart argues that it is unfair to rely on the testimony of a professional buyer for recognition of the "look" because, Wal-Mart notes in its reply brief, our case law makes clear that to prove "actual confusion in a Lanham Act claim, the evidence must show confusion among consumers, not among experts like professional buyers" citing *Perfect Fit Industries, Inc. v. Acme Quilting Co.*, 618 F.2d 950, 955 (2d Cir. 1980). We agree such is the case as to

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a light most favorable to Samara, as to the "distinctiveness" issue this is not one of those "rare occasions when there is such a complete absence of evidence supporting the verdict that the jury's finding could only have been the result o[f] sheer surmise and conjecture." *George Basch Co.*, 968 F.2d at 1536 (alteration in original, quotation and citation omitted).

2. *Consumer Confusion*

Wal-Mart next contends that it is entitled, as a matter of law, to judgment in its favor because Samara failed to show "consumer confusion" caused by the Samara knock-offs sold by Wal-Mart. "Consumer confusion" may be proved directly by evidence of actual consumer confusion or indirectly by a showing that the copier intended to deceive consumers as to the source of the goods. *See Resource Developers, Inc. v. Statue of Liberty-Ellis Island Foundation, Inc.*, 926 F.2d 134, 140 (2d Cir. 1991). Intentionally deceptive conduct thus serves as a proxy for actual consumer confusion, raising a rebuttable legal presumption that the actor's intent to confuse will be successful. The burden then "shifts to the defendant to demonstrate the absence of consumer confusion." *Id.*

(Cont'd)

actual confusion. However, the district court did not use Kleist's testimony as a basis for a finding of actual confusion. Rather, Kleist's testimony simply supports the jury's verdict that there is a distinct identifiable Samara look. Even if such a look exists, Samara still is burdened with demonstrating actual consumer confusion or intent to deceive consumers in order to obtain protection under section 43(a).

Samara does not assert that the evidence supports a finding of actual confusion; rather, it argues that there is sufficient evidence in the record to support the jury's determination that Wal-Mart deliberately sought to deceive customers as to the source of the goods. Because Wal-Mart failed to rebut the resulting presumption of consumer confusion, Samara argues that the jury's conclusion should be upheld.

We agree that ample evidence supports the finding that Wal-Mart's marketing of the knock-offs was willful piracy with an intent to deceive consumers as to the source. That evidence includes the fact that a Wal-Mart representative specifically requested that JPI create seersucker garments based on Samara samples (among other samples); the garments Wal-Mart subsequently ordered from JPI were, as admitted by a Wal-Mart witness, "strikingly similar" to the Samara garments; the breadth of copying was significant as Wal-Mart sold not one but sixteen garments that were practically identical to Samara clothes; and Wal-Mart buyers knew that Samara clothes were being copied.

Wal-Mart admits on appeal that "Samara adduced evidence that Wal-Mart knew that it was buying garments that its vendor had copied" but argues, as it did below, that there was no evidence that Wal-Mart intended to deceive its customers as to the source of the products. Wal-Mart notes that there were no signs, labels or other indications that the clothes were Samara brand, pointing to this Court's decision in *George Basch Co.*, 968 F.2d at 1536, for the proposition that there is an "essential distinction . . . between a deliberate attempt to deceive and a deliberate attempt to

compete" and that a plaintiff must show more than an intent to imitate the trade dress.

In our view, the *extent* of the copying coupled with the intent to copy demonstrates the intent to deceive customers. As Professor McCarthy's treatise, *McCarthy on Trademarks and Unfair Competition* § 8:19 (4th Ed. 1996), notes, "[c]lose similarity of trade dress in a plethora of detail raises a serious question of copying and intent to confuse customers. In such a situation, all heads turn to the defendant to hear some explanation." The extensive copying here reveals Wal-Mart's intent to take the Samara product line as its own, drawing customers to the clothes under the pretense that they were Samara's.

In light of the extensive copying, Wal-Mart was required to come forward with some explanation of its conduct, which it has utterly failed to do. Wal-Mart does argue that its use of its own labels in the garments alerts customers that the garments are not Samara brand. This Court has held that labels alone cannot insulate an infringer. *See Bristol-Myers Squibb Co. v. McNeil P.P.C., Inc.*, 973 F.2d 1033, 1047 (2d Cir. 1992) ("We do not mean to intimate that the distinctive elements of any trade dress may be freely appropriated as long as the junior user clearly identifies the source of the goods."). Thus, the jury's conclusion that Wal-Mart violated Section 43(a) of the Lanham Act is supported by the trial record.

3. *The District Court's Injunction*

Although we affirm the jury's verdict on trade dress, we cannot endorse the trade dress injunction fashioned by

the district court. Faced with an overly broad proposed injunction requested by Samara, the district court chose to craft its own injunction which prohibits Wal-Mart from infringing Samara's trade dress by:

> manufacturing, purchasing, selling, or otherwise distributing any garments (i) copied, directly or indirectly, from any Samara garment, or (ii) bearing appliques or applique combinations, designs, or placements copied, directly or indirectly, from any Samara garment, or (iii) designed using any Samara garment as a source.

Samara Brothers, Inc., 969 F. Supp. at 901. In failing adequately to describe Samara's trade dress, the district court granted Samara far too much protection. As written, the injunction forbids Wal-Mart from affixing on a garment any Samara applique no matter how basic the design. This turns trademark law on its head. After discussing at length that Samara's designs are protected because they are "inherently distinctive," the district court granted protection for any and all designs regardless of their inclusion of the distinctive Samara design elements.

We will endeavor, therefore, to outline with specificity the boundaries of Samara's protected trade dress so that on remand the district court can refashion a suitable injunction. The protected trade dress will include most if not all of the following elements: seersucker fabric used exclusively; two or three identically shaped and symmetrically placed cloth appliques (not screen printed) substantially similar to appliques displayed on Samara clothing in vibrant colors

integrated into the collar (which is typically large and white), collar line and/or pocket(s) (if any); single-piece, full-cut bodies; and the absence of three dimensional features, outlines and words.

Essential to the "Samara look" is the method by which the design elements are combined on the garments. It is that amalgamation of the elements, what the *Landscape Forms* opinion termed a "distinctive combination of ingredients," which creates the uniform, protectable Samara look.[4] *See also Jeffrey Milstein, Inc.*, 58 F.3d at 32 ("Although each element of a trade dress individually might not be inherently distinctive, it is the combination of elements that should be the focus of the distinctiveness inquiry."). In particular, the placement of the appliques, typically a row of two or three, along the collar or collar line of the garment and on any pockets is essential to the look.

With that said, not all of Samara's garments submitted into evidence at trial qualify for protection under the Lanham Act. Some garments (three of the forty-three submitted as trial exhibits and two of the sixteen in the product line pirated by Wal-Mart) had so few of the described design elements that to afford them protection would mean awarding Samara a monopoly on all seersucker

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4. The dissent takes each design element and dissects it individually. Noting, for example, that "seersucker fabric is not at all distinctive" and "large bold appliques are a common design feature." Dissent, *infra* at ***[page 4]***. While that may be true, it is the combination of the five design elements that creates the protected Samara look, not any element in isolation.

children's clothing with appliques placed anywhere on the garment. The unprotected garments typically have one large applique on the chest or lower front of the garment rather than presentation of the applique at the collar line or integrated into a large white collar.

We do not mean to suggest, however, that in order to gain protection each garment must contain identical specified design elements. We expect that in a product line there will be inevitable variation in the products.[5] *See Hartford House, Ltd. v. Hallmark Cards, Inc.*, 846 F.2d 1268 (10th Cir. 1988) (upholding an injunction protecting a line of greeting cards with several design elements, including a variety of colors and placements of designs "some or all of" which comprised the overall look of the card). Thus, the fact that some garments have two appliques, some have three, and a few have one applique which is fully integrated into the collar is not dispositive of the protectability of the outfits. On the other hand, where the garment does not incorporate a major design element (i.e., does not use seersucker fabric or does not have the appliques incorporated into either a full collar or the collar line of the garment) no protection is warranted.

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5. The dissent notes that four of the fourteen garments do not have the appliques integrated into the collar or collar line. We agree that two of the outfits, the boys' garments, have the three identically shaped and symmetrically placed appliques running across the chest of the outfit. This variation is just the sort of variation that we would expect to see in a product line. The remaining twelve garments each have the appliques integrated into the collar, or where there is no collar, into the collar line.

In light of these restrictions on the protected trade dress, we are confident that there will be no resultant market foreclosure. We have taken heed that "when protection is sought for an entire line of products, our concern for protecting competition is acute," but we nevertheless remain certain that there are countless possibilities for combining appliques and seersucker in children's clothing. *Landscape Forms*, 113 F.2d at 380; *see also Hartford House, Ltd*, 846 F.2d at 1274 ("Blue Mountain has not been granted exclusive rights in an artistic style or in some concept, idea, or theme of expression. Rather, it is Blue Mountain's specific artistic expression, in combination with other features to produce an overall Blue Mountain look, that is being protected.") (footnote omitted). In fact, Samara and Wal-Mart presented the jury with many seersucker garments with appliques from other manufacturers who used those elements without infringing Samara's trade dress.

In sum, we are mindful of our role in reviewing the denial of a Motion for Judgment as a Matter of Law. We are duty-bound to affirm the jury's verdict unless there is a complete absence of evidence to support it. We agree with the district court that although the trade dress claim is difficult, the jury's verdict is supported by the record.

4. *Alteration of Damages Award*

As noted above, we find that two of the sixteen garments at issue are not part of Samara's protectable trade dress. These two garments have a single applique (a tow truck in one instance and a circus car with animals in the other instance) on the center of the garment with no collar or

pockets. For one of these garments, the outfit with the circus car applique, Samara also does not hold a copyright registration. However, Samara was awarded $68,633.53 for the trade dress infringement of that outfit.

The jury awarded Samara $912,856.77 in lost profits as a result of Wal-Mart's infringement of the thirteen Samara copyrights. This total award represents the sum of the lost profit for each of the thirteen garments. Appropriately included in this copyright infringement award was an award of $34,534.33 for the boy's garment with the single tow truck applique. Advised not to duplicate the damage awards, on the trade dress claim the jury awarded Samara $240,458.53 for its lost profits for the remaining three outfits which included the garment with the circus car applique. Because we have determined that the garment with that applique is not protected as part of Samara's trade dress, the damage award for lost profits on that garment (in the amount of $68,633.53) must be reversed.

C. *The Jury Instructions*

Wal-Mart next argues that a new trial on the Lanham Act claim is required because the district court erred in failing to include in the jury instructions Wal-Mart's proposed instruction on labeling.[6] In particular, Wal-Mart

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6. Wal-Mart also contends that the jury verdict on the Lanham Act claim is questionable and should be reviewed without deference because the district court charged the jury to employ the analysis set forth in *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 11 (2d Cir. 1976) which we observed in *Landscape Forms*, (Cont'd)

requested that the jury charge include the following: "if the label, and not the overall appearance of the product, provides consumers with the impression that it is a Samara product, then plaintiff has not proved that it has a protectable trade dress."

Because Wal-Mart failed to properly raise this request with the district court, it is waived. The requested instruction on labeling was included in Wal-Mart's proposed instructions; however, it was not in the charge (drafted by the district court) discussed during the charging conference, and Wal-Mart did not raise the labelling issue during the charging conference despite a discussion of a number of other issues.

This Court held in *Caruso v. Forslund*, 47 F.3d 27, 31 (2d Cir. 1995) that merely submitting a proposed jury instruction is not enough to preserve the objection except where the party has made its position known to the trial court and "the trial court has made clear that an objection

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does not "make sense" to apply in design, as opposed to packaging, trade dress cases. *Landscape Forms*, 113 F.2d at 378. We do not believe the inclusion of the *Abercrombie* factors in the jury instructions provides cause to doubt the verdict. *Landscape Forms*, was decided after the jury verdict was reached in this case. Although it is true that the jury charge focuses in part on the *Abercrombie* categories, the charge made clear that distinctiveness is measured by whether the product is source-identifying and that the jury had to consider the "combination of elements forming the product's overall appearance rather than examining each element separately," both of which are the primary elements of the analysis set out in *Landscape Forms*.

would be futile." As an example of such an exception, the *Caruso* Court pointed to this Court's decision in *Anderson v. Branen*, 17 F.3d 552 (2d Cir. 1994). There, the plaintiffs had included the proposed charge in the jury instruction and discussed the proposal at the charging conference during which the judge agreed to the charge. The judge failed to include the instruction in the charge. After the charge, the judge told counsel that they did not need to object "if this is something that we raised the other day." *Id.* at 557. The Court found that no waiver occurred because a further objection would have been futile.

Wal-Mart asserts in its reply brief that this case is indistinguishable from *Anderson*. Wal-Mart notes that, like the *Anderson* plaintiffs, it included the instruction in its proposal and, as in *Anderson*, at the conclusion of the charging conference the district court stated that "[y]ou do not need to repeat any of the prior objections or suggestions that I rejected. Those are deemed already made. If you want to add anything else I will be happy to listen." The problem with Wal-Mart's analysis is that it leaves out the key piece of the *Anderson* decision — that is, that the plaintiffs there specifically raised the objection in the charging conference in addition to having it in their proposed instructions, and the judge agreed, but failed to actually include the instruction in the charge. Here, Wal-Mart failed to raise the issue at the conference. Judge Chin's statement that objections need not be "repeated" is clearly linked to the issues that had been raised once at the charging conference.

Having failed to make its position known to the district court at the charging conference, Wal-Mart's claim is

waived under *Caruso*. Wal-Mart does not argue that the district court committed plain error nor do we find evidence of plain error. Thus, no new trial is warranted on this ground.

D. *Preemption of the State Law Claims*

We turn next to the question of preemption. Wal-Mart contends that the Copyright Act preempts the New York common law unfair competition claim and the New York General Business Law § 349 claim asserted by Samara. We disagree. The Copyright Act preempts all state laws that protect "legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified" in the federal statute. 17 U.S.C. § 301(a).

To decide whether a state law claim is preempted, this Court employs the "extra element" test which holds that:

> [I]f an "extra element" is "required instead of or in addition to the acts of reproduction, performance, distribution or display, in order to constitute a state-created cause of action, then the right does not lie 'within the general scope of copyright,' and there is no preemption."

Computer Assocs. Int'l, Inc. v. Altai, Inc., 982 F.2d 693, 716 (2d Cir. 1992) (quoting 1 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 1.01[B]). The extra element must change the "nature of the action so that it is *qualitatively* different from a copyright infringement claim." *Mayer v. Josiah Wedgwood & Sons, Ltd.*, 601 F. Supp. 1523, 1535 (S.D.N.Y. 1985). Further, "we have held that unfair

competition and misappropriation claims grounded solely in the copying of a plaintiff's protected expression are preempted by section 301." *Computer Assocs. Int'l, Inc.*, 982 F.2d at 717.

General Business Law § 349 is a consumer protection statute which prohibits deceptive acts or practices in the conduct of business. *See Teller v. Bill Hayes Ltd.*, 213 A.D.2d 141, 630 N.Y.S.2d 769, 772-73 (2d Dep't 1995). When rejecting Wal-Mart's preemption claim, the district court found the extra element under § 349 to be a finding of "intentional deception" of consumers. We agree that "intentional deception" constitutes an extra element not required in a copyright infringement claim. *See Nimmer on Copyright* § 101[B][1][e] ("Similarly, crucial to liability under a deceptive trade practices cause of action is the element of misrepresentation or *deception*, which is no part of a cause of action for copyright infringement.") (emphasis added).

Wal-Mart argues that this Court's prior statement in *Computer Assocs. Int'l, Inc.*, that "[a]n action will not be saved from preemption by elements such as awareness or intent, which alter 'the action's scope but not its nature,' " 982 F.2d at 717, requires us to hold that "intentional deception" does not constitute an extra element. We believe that "intentional deception" as charged refers to the actual deceptive effect on consumers, not to Wal-Mart's state of mind. Thus, the § 349 claim is not preempted.

Similarly, Samara's common law unfair competition claim is not "grounded solely in the copying of a plaintiff's

protected expression." *Id.* The district court charged the jury that for Samara to succeed on the unfair competition claim it had to find that "Wal-Mart's actions caused actual confusion, in the minds of consumers, between Samara's clothing and Wal-Mart's infringing clothing, to the detriment of Samara." Like the requirement of "intentional deception," "actual confusion" constitutes an extra element.

Wal-Mart argues that if we accept that "actual confusion" comprises the "extra element," we must find that Samara's unfair competition claim fails as a matter of law because the district court in its opinion stated that "Samara did not prove actual confusion." *Samara Brothers, Inc.*, 969 F. Supp. at 899. It is true that Samara did not prove actual confusion by the typical means of consumer surveys showing that consumers thought the Wal-Mart garments were Samara garments. Instead, Samara proved, as described *supra* II(B)(2), that Wal-Mart engaged in intentional deception when it employed massive copying of Samara's outfits.

The district court instructed the jury that it was entitled to "presume that there was actual confusion if Samara shows that Wal-Mart engaged in intentional deception" unless Wal-Mart rebuts that presumption. *See Perfect Fit Industries, Inc. v. Acme Quilting Co., Inc.*, 618 F.2d 950, 954 (2d Cir. 1980). Wal-Mart failed to rebut the presumption that consumers were confused. As a result, the record does support a finding of actual confusion.

In sum, Samara's state law claims are not preempted.

E. *The Validity of Certain of Samara's Copyrights*

The final issue for our review is the validity of five of the Samara copyrights in light of Wal-Mart's argument that the designs lack sufficient originality to justify protection under the Copyright Act. Specifically, Wal-Mart claims that the copyrights which protect the appliques of strawberries (two separate appliques), daisies, hearts and tulips are unoriginal.

Each of the challenged copyrights is registered with the U.S. Register of Copyrights. A certificate of registration "constitutes *prima facie* evidence of the validity of a copyright, 17 U.S.C. § 410(c), though that presumption may be rebutted." *Folio Impressions, Inc. v. Byer California*, 937 F.2d 759, 763 (2d Cir. 1991). We review "the trial court's determination of originality under a clearly erroneous standard." *Id.*

In *Folio Impressions* this Court awarded protection to a design of a series of roses, a common shape, placed in straight lines on an ornate background and turned so that the roses faced in various directions. We first recognized protection for the rose design itself separate from its arrangement on the background. Although the rose is a common shape, we noted that because there was a valid registration, the rose had a "presumption of validity" and the defendants "offered no proof at trial to overcome this presumption." *Id.* We must find the Samara designs similarly original. Their registrations provide a presumption of validity which Wal-Mart has failed to overcome. Wal-Mart provided no evidence at trial challenging the validity

of the copyright registrations. Specifically, it failed to adduce evidence to show that the works were not "independently created by its author, and not copied from someone else's work." *Id.* at 764.[7]

We do note that copyrights depicting familiar objects, such as the hearts, daisies and strawberries in Samara's copyrights, are entitled to very narrow protection. *See Folio Impressions*, 937 F.2d at 765. It is only the virtually identical copying, such as the copying in this case, which will result in a successful claim of infringement of familiar objects.

III. CONCLUSION

The decision of the district court is AFFIRMED in part, REVERSED in part and REMANDED. We affirm the denial of Wal-Mart's Motion for Judgment as a Matter of Law on Samara's Lanham Act claim and Copyright Act claim and the district court's denial of Wal-Mart's request for a new trial based on an alleged error in the jury instructions. We affirm the district court's holding that the state law claims were not preempted by § 301 of the Copyright Act. We reverse the district court's grant of an injunction to Samara, and we remand the case so that the district court can refashion an injunction in light of this opinion and enter an order reflecting the new calculation of damages.

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7. We note that in *Folio Impressions* the defendants were successful in rebutting the presumption of copyright protection for the background upon which the roses were placed. The defendants offered testimony that the background pattern was copied from the public domain. *Id.* at 763-64. No such testimony or other evidence was presented in this case.

JON O. NEWMAN, *Circuit Judge*, dissenting in part:

On two key issues in this case, I respectfully dissent. First, I do not believe that the "look" of Samara's line of dresses constituted protectable trade dress, and the Court's upholding of such protection lowers, at least for this case, the standards we have previously established for trade dress protection of a product "line." Second, I do not believe that Samara is entitled to a copyright on the five designs that depict, in an entirely unoriginal way, such common items as strawberries, tulips, daisies, and hearts. Indeed, if the majority's copyright ruling were to be applied beyond the precise facts of this case, which I do not expect will ever happen, designers of Valentine's Day cards would be at risk of copyright infringement if, having seen a Samara dress with the copyrighted designs, they place unadorned hearts on their cards, or at least show little girls in dresses with unadorned hearts on their collars.

I. Trade Dress

This Circuit has clearly stated the principles that govern a claim of trade dress protection for product design, particularly protection claimed for the design of a line of products. First, when trade dress protection is claimed for product design or configuration, rather than product packaging, the inquiry is "whether the design was likely to be understood as an indicator of the product's source." *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 378 (2d Cir. 1997). Second, product design or configuration is far less likely to be an indicator of source than product packaging, and, indeed, we "appear[ ] to be

moving toward a rule that packaging is usually indicative of a product's source, while the design or configuration of the product is usually not so." *Id.* at 379. Third, we must construe the Lanham Act "in the light of a strong federal policy in favor of vigorously competitive markets." *Id.* Fourth, courts are to "exercise[ ] particular 'caution' when extending [trademark] protection to product designs." *Id.* at 380 (quoting *Jeffrey Milstein v. Gregor, Lawlor, Roth, Inc.*, 58 F.3d 27, 32 (2d Cir. 1995)). Fifth, " 'just as copyright law does not protect ideas but only their concrete expression, neither does trade dress law protect an idea, a concept, or a generalized type of appearance.' " *Id.* (quoting *Jeffrey Milstein*, 58 F.3d at 32). Sixth, and most pertinent to this case, a plaintiff "seeking to protect a series or line of products faces a particularly difficult challenge of showing that the appearance of its several products is sufficiently distinct and unique to merit protection as a recognizable trade dress. . . . *Accordingly, when protection is sought for an entire line of products, our concern for protecting competition is acute." Id.* (emphasis added).

This is not to say that product design or configuration can never achieve trade dress protection for a line. But until this case, we have permitted such protection only in very extreme circumstances. For example, in *Harlequin Enterprises Ltd. v. Gulf & Western Corp.*, 644 F.2d 946, 948 (2d Cir. 1981), we upheld protection for the look of a line of books where "every book in the Harlequin Presents series is uniform in its dimensions, cover design and colophon."

On the facts of this case, it was not reasonable to find distinctiveness of Samara's entire product line. The Court

upholds the jury's verdict by recounting five factors that Samara's designer, Kathy Gosda, testified were present in the Samara line.[1] These are (1) seersucker fabric; (2) large bold appliques; (3) large collars with the appliques generally integrated into the collar and the pockets, if any; (4) absence of printed images, black outlines, alphanumeric characters, or three-dimensional features; and (5) full-cut, one-piece conservative bodies.

For several reasons, these five factors cannot be permitted to constitute a protectable trade dress "look." First, the fifth factor — full-cut, one piece conservative bodies — is not a fabric design feature at all, but is a dress design. We do not extend copyright protection to dress designs, *see Whimsicality, Inc. v. Rubie's Costume Co.*, 891 F.2d 452, 455 (2d Cir. 1989); 1 *Nimmer on Copyright* § 2.08[H][3] (1998) [hereinafter "*Nimmer*"], and we should not let dress designers secure protection for their dress styles by claiming a "look" protectable as trade dress under trademark law. Though a particularly distinctive dress design feature, combined with distinctive fabric design elements, might suffice for trade dress protection, Samara's

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1. The fact that Samara's Vice-President for Sales testified that his company chose to use what he considered consistent design elements is the weakest form of evidence that the resulting product line is entitled to trade dress protection. Most clothing manufacturers would like to think that their product designs are special, and they can be expected to say so when they sue for trade dress infringement. But the issue is not whether Samara hoped to have a protectable trade dress; it is whether the line of clothing it produced contains that distinctive combination of features that entitles the manufacturer to trade dress protection.

dress design of full-cut, one-piece conservative bodies is far too common to serve as an element of a "look" that warrants trade dress protection.

Second, the fourth factor — the absence of various fabric design elements — is totally unavailing. There are hundreds, if not thousands, of fabric design elements that Samara does not use. A "look" warranting trade dress protection must consist of the design features that are present in the line of clothing claimed to have a look, not in the myriad features that the designer elected not to use.

Third, with factors 4 and 5 eliminated, or, at least counted for little, we are left with three factors that are far too general to constitute a protectable "look." Seersucker fabric is not at all distinctive. Large bold appliques are a common design feature, used by numerous dress designers. Moreover, Samara uses such different items as appliques that a unified "look" cannot be reasonably discerned. With four products, the applique consists of flowers; with six, it consists of fruits; with one, it consists of hearts; with two, it consists of vehicles; and with one, it consists of sailboats. The use of large collars is also extremely common, and the fact that the appliques are placed on the collar, or pockets if any, is hardly noteworthy. I cannot tell what Ms. Gosda meant by saying that the appliques are "integrated" into the collar. From the photographs in the record, the appliques appear simply to be sewn onto the collars, sometimes extending beyond the collar to the body of the dress. None of the factors identified by Ms. Gosda, nor the combination of them, can reasonably be found to constitute protectable trade dress of a product line. Indeed, since the appliques depict such different objects from one garment to another,

there is no one combination of design elements to assess. Samara's dresses constitute a "line" of clothing, just like those of many manufacturers who sell a "line" of somewhat similarly designed or decorated clothing, but they cannot reasonably be found to have such an identifiable "look" that the entire product line warrants trade dress protection.

Fourth, a more fundamental flaw in the Court's protection of the Samara "look" is that many of the products in the alleged product line do not have all of even the few features that are claimed to constitute the "look." Of the sixteen products claimed to have been copied by Wal-Mart, the Court acknowledges that two do not merit trade dress protection. Of the remaining fourteen, four do not have the applique integrated on the collar or pockets; in two products, the applique is placed on the top front of the main fabric of the dress, and in two products, on a mid-riff running across the main fabric of the dress. How can there be a product line with a protectable trade dress "look" when nearly one-third of the products claimed to constitute the infringed line lack a key feature alleged to be an ingredient of the "look"?

Moreover, Samara's complaint alleged that its look included "specially designed stylized appliques selected for *consistency across the line*," Complaint ¶ 14 (emphasis added), yet the evidence discloses that the appliques depicted a wide variety of objects including flowers, fruits, hearts, trucks, and boats.[2] Surely there was no "consistency

2. Though the Court excludes from the protected "line" of products those depicting a circus truck, an airplane, and a sail boat, it leaves within the protected "line" products that display three sailboats, three cars, and three trucks.

across the line" as to the objects depicted in the appliques. The complaint also alleged that the "look" included "carefully coordinated combinations of silhouettes, applique designs, fabric patterns and *colors*." *Id.* (emphasis added). The variety of objects depicted totally refutes any claim of "consistency" as to "silhouettes," "designs," or "patterns," and there is no consistency at all as to "colors," as the differing combinations set out in the margin indicate.[3] Where courts have upheld a trade dress that included color as a component, they have been careful to emphasize a "combination of particular hues of [plaintiff's red and yellow] colors," *Chevron Chemical Co. v. Voluntary Purchasing Groups, Inc.*, 659 F.2d 695, 703 (5th Cir. Unit A Oct. 1981), and in *Chevron Chemical* the "particular hues" of the same two colors were "arranged in certain geometric designs, presented in conjunction with a particular style of printing," *id.* No case has upheld trade dress protection for an alleged "line" of products that depicts entirely different decorative objects, rendered in a wide variety of combinations of different colors.

Despite the very strict standards this Circuit has articulated for trade dress protection of the design of a

3. With one, the colors are pink, green, and blue; with three, they are red, white, and blue; with one, they are red, green, and blue; with one, they are red, white, green, and blue; with three, they are pink, white, and blue; with one, they are pink and blue; with one, they are pink, yellow, and blue; with one, they are red, yellow, and blue; with one they are red, yellow, blue, and green; with one they are red, yellow, blue, green, and white; with one they are red, white, green, and black; and with one they are red, green, blue, yellow, and white.

product "line," and despite the very weak nature of the plaintiff's evidence, the Court upholds trade dress protection in this case essentially because the jury found in plaintiff's favor. That reliance, unjustified in my view, requires consideration of the proper approach to a jury's verdict on an issue such as trade dress protection.

I agree with the Court when it rejects Wal-Mart's contention that reviewing courts should apply a "lower level of deference," __ F.3d at __, to the jury's finding that Samara's trade dress was sufficiently distinctive to be protectable. In my view, however, "level of deference" is the wrong dimension to assess. Every jury verdict is entitled to a fairly high degree of deference regardless of the nature of the issue decided. To state that proposition, however, does not preclude recognition of the principle that the boundaries within which an issue is reasonably a fact issue for a jury are narrower in some contexts than in others. When juries are called upon to resolve conflicting versions of historical facts, the boundaries are fairly wide. Reviewing courts take a generous view of what a reasonable jury could conclude with respect to historical facts, such as what happened at the scene of an accident. But the broad range of reasonable fact-finding as to historical facts and familiar legal issues like negligence is not appropriate for issues infused with technical legal meaning, issues with which juries are almost completely unfamiliar.

When reviewing courts consider jury verdicts on such issues as the reasonableness of a challenged restraint of trade or the protectability of a trade dress, I believe reviewing courts should recognize that the boundaries in which jury

fact-finding may permissibly occur are somewhat narrow. It is not a matter of giving less deference to a jury's fact-finding, reached within an allowable scope. Rather, it is a matter of recognizing that the scope of allowable fact-finding is narrower. When the issue is negligence, many combinations of fact patterns can reasonably be found in the typical contested case, and juries have wide latitude to determine what they think the facts were and thereby to find either that there was negligence or there was not.[4] But on more esoteric issues, courts should recognize that there are fewer combinations of fact patterns that could reasonably be found in a given case, and should therefore somewhat narrow the range in which jury fact-finding is permissible. Otherwise, we are ceding to juries broad authority to determine the substantive scope of the law on topics such as antitrust, copyright, trademark, and, in this case, trade dress.[5]

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4. As I have pointed out elsewhere, this application of a negligence standard to a fact pattern, one determined, is really an issue of law, but because there are so many possible fact patterns in a typical negligence dispute, courts do not ask juries to find just the facts, but instead instruct them on applicable principles of negligence and then ask them to apply the law to the facts as they find them. See *Antilles Steamship Co., Ltd. v. Members of American Hull Insurance Syndicate*, 733 F.2d 195, 206 & nn.4, 5 (2d Cir. 1984) (Newman, J., concurring). This is a matter more of convenience than doctrinal purity.

5. Unlike the Court, __ F.3d __ n.1, I derive no reassurance at all from the fact that in a particular case in a jury found in favor of a plaintiff on a copyright claim and against the plaintiff on a trade dress claim. *See Keystone Retaining Wall Systems, Inc. v.*

(Cont'd)

Our Circuit has recognized this important point. As we said with respect to the similar issue of the scope of fact issues in copyright cases, "Courts have an important responsibility in copyright cases to monitor the outer limits within which juries may determine reasonably disputed issues of fact. If a case lies beyond those limits, the contrary view . . . of a particular jury[ ] cannot be permitted to enlarge . . . the scope of statutory protection enjoyed by a copyright proprietor." *Warner Bros, Inc. v. American Broadcasting Companies, Inc.*, 720 F.2d 231, 245 (2d Cir. 1983).

Juries cannot realistically be expected to appreciate, much less to apply rigorously, the several precepts that our Circuit has said are applicable to resolution of a claim of distinctiveness as to product configuration. Indeed, any jury that finds, as this one did, that copying, sufficient to constitute infringement of a valid copyright, has occurred, will be likely also to find a Lanham Act violation, yet such

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(Cont'd)
Westrock, Inc., 997 F.2d 1444, 1447 & n.2 (Fed. Cir. 1993). The Court thinks this is some evidence that juries can be counted on to understand the differences between the Lanham Act and the Copyright Act. If that were so, then the many cases in which juries found for plaintiffs on both claims or found against plaintiffs on both claims would be some evidence that juries cannot distinguish the relevant concepts. Moreover, a jury's differing outcomes on different claims in particular cases are as likely to reflect a compromise as a sophisticated understanding of the relevant principles. My view that juries have a difficult time understanding the principles of such unfamiliar fields of law as copyright and trademark is based on the fact that judges, including myself, have difficulty fully grasping the subtleties of these doctrines, even though we deal with them far more often than do juries.

a jury, in all likelihood, will have no appreciation of the subtle point that copyright accords a rather narrow monopoly that protects only against copying of particular items, whereas trademark grants a much broader monopoly that protects against marketing of any product with an appearance likely to cause confusion as to source.

The high bar to trade dress protection for a product line that this Court so emphatically raised in *Landscape Forms, Inc. v. Columbia Cascade Co.* 113 F.3d 373 (2d Cir. 1997), and *Knitwaves, Inc. v. Lollytogs, Ltd.*, 71 F.3d 996 (2d Cir. 1995), has been unjustifiably lowered in this case. Though I suspect that this is an aberrational result, not likely to be repeated, I cannot assent to it.

II. Copyright

Wal-Mart challenges copyright validity as to six of Samara's thirteen copyrights. Validity is challenged on the ground that these copyrights display common items in a manner that fails to satisfy even the "minimal degree of creativity" necessary to constitute an original work of authorship. *See Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340, 345 (1991) (citation omitted); 1 *Nimmer* § 2.01[B], at 2-14. The Court rejects Wal-Mart's challenges by stating that the prima facie evidence of validity arising from the Samara's certificates of copyright registration, *see* 17 U.S.C. § 410(c), has not been overcome by any evidence. The Court points out that Wal-Mart "failed to adduce evidence to show that the works were not 'independently created by its author, and not copied from someone else's work.' " __ F.3d at __ (quoting *Folio*

Impressions, Inc. v. Byer California, 937 F.2d 759, 764 (2d Cir. 1991). But Wal-Mart is not attacking Samara's copyrights on the six challenged designs on the ground that Samara did not independently create the designs. The claim is that the designs lack minimal originality. No matter how "independently" a designer works in the confines of some remote atelier, if the resulting design is just the unadorned outline of three hearts, no valid copyright may be obtained.

On the disputed issue of whether the challenged copyrights lack minimal originality, Wal-Mart produced evidence in the form of exhibits depicting hearts, flowers, and strawberries in the ordinary shape and design displayed in Samara's copyrights. Though I would have thought a court could take judicial notice of the fact that the outline of an unadorned heart is sufficiently common to lack minimal originality, Wal-Mart's exhibits are ample evidence of this fact.

Of the six challenged copyrights, I would uphold the challenges to five. Registration No. 751-722 is just three hearts, grouped in a slight arc; the only arguable "arrangement" is that the tips of the hearts extend over the collar. Registration Nos. 751-718 and 751-720 are just three strawberries, connected by a slightly twisted vine. There is nothing minimally original about the strawberries, and strawberries with similarly slightly twisted vines are shown in an exhibit of McCall's sewing patterns. Registration No. 751-721 is just three "daisies" separated by two leaves. The "daisy" design, which does not look like a daisy at all, is an utterly common five-sided pattern with rounded edges and a circular center, depicting simply a generic flower.

Registration No. 751-725 is three tulips, each with two leaves. Both the tulips and the leaves are totally lacking in originality. I agree that Registration 751-719 reaches the minimal level of originality, since the grouping of the strawberries overflowing the pocket suffices as a minimally original arrangement.

The Copyright Office says that a fleur-de-lys design is not original enough. *See Compendium II: Compendium of Copyright Office Practices* § 503.02(a) (1984) ("[R]egistration cannot be based upon the simplicity of standard ornamentation such as . . . the attractiveness of a conventional fleur-de-lys design . . . ."). Basic depictions of hearts, daisies, strawberries, and tulips should fare no better. As this Court observed in invalidating the copyright on an Uncle Sam bank, "Here as elsewhere in the copyright law there are lines that must be drawn even though reasonable [persons] may differ where." *L. Batlin & Son, Inc. v. Snyder*, 536 F.2d 486, 492 (2d Cir. 1976) (in banc).

Though I suspect that the Court's trade dress and copyright rulings will prove to be limited to the precise facts of this case, I dissent to the extent indicated in this opinion, and concur on all other issues.

APPENDIX B — MEMORANDUM DECISION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK DATED JULY 17, 1997

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

96 Civ. 5032 (DC)

SAMARA BROTHERS, INC.,

Plaintiff,

– against –

JUDY-PHILIPPINE, INC., et al.,

Defendants.

MEMORANDUM DECISION

* * *

CHIN, D. J.

On January 10, 1997, a jury returned a verdict in this case in favor of plaintiff Samara Brothers, Inc. ("Samara") against defendant Wal-Mart Stores, Inc. ("Wal-Mart").[1] The jury found that Samara owned 13 valid copyrights, that Wal-Mart infringed all 13 of those copyrights, and that

1. Wal-Mart was the only defendant to go to trial, as all of the other defendants settled with Samara.

Wal-Mart did so wilfully. The jury awarded Samara $912,856.77 in profits that Wal-Mart had earned from selling infringing garments. The jury also found that Samara's trade dress was protectable, that Wal-Mart infringed Samara's trade dress, and that it did so wilfully. The jury awarded Samara $240,458.53 in profits that Wal-Mart had earned from selling infringing garments. The jury also found that Samara had engaged in deceptive trade practices and awarded $50 in damages on that claim. Finally, the jury found that Wal-Mart had misappropriated a commercial advantage that belonged to Samara in such a way as to cause confusion in the minds of consumers between Samara clothing and Wal-Mart's clothing and that Wal-Mart had done so in bad faith. It awarded Samara no damages on that claim.

Post-trial motions followed. I heard oral argument on the motions on July 14, 1997 and, for the reasons stated on the record, I granted the motions in part and denied them in part. I reserved decision on those portions of the motions relating to Samara's trade dress claim. Although I ruled that I intended to award Samara attorneys' fees, I reserved decision as to the amount of such an award.

I resolve the remaining issues now. Wal-Mart's motion for judgment as a matter of law or for a new trial with respect to Samara's trade dress claim is denied. Samara's motion for injunctive relief with respect to the trade dress claim is granted, but only to the limited extent set forth below. The amount of attorneys' fees to be awarded Samara is set at $275,000, with costs of $33,196.

1. *Trade Dress*

To recover for trade dress infringement under section 43(a) of the Lanham Act, a plaintiff must prove two elements. First, the plaintiff must prove that its trade dress is protectable by showing that the trade dress is distinctive, *i.e.*, that it is either "inherently distinctive" or has acquired distinctiveness through "secondary meaning." *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769 (1992); *Fun-Damental Too, Ltd. v. Gemmy Indus. Corp.*, 111 F.3d 993, 999 (2d Cir. 1997).

Second, the plaintiff must prove infringement, by showing that the defendant's trade dress has caused or is likely to cause consumer confusion. *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 377 (2d Cir. 1997); *Fun-Damental Too*, 111 F.3d at 999; *Resource Developers, Inc. v. Statue of Liberty-Ellis Island Foundation, Inc.*, 926 F.2d 134, 139-40 (2d Cir. 1991). In seeking injunctive relief, a plaintiff need only show a likelihood of consumer confusion. To recover monetary damages, however, a plaintiff must show actual consumer confusion, except that consumer confusion will be presumed if the plaintiff can prove deliberate deception by the defendant. *George Basch Co., Inc. v. Blue Coral, Inc.*, 968 F.2d 1532, 1537 (2d Cir. 1992), *cert. denied*, 506 U.S. 991 (1992). In that event, the burden shifts to the defendant to prove the absence of confusion. *Resource Developers, Inc.*, 926 F.2d at 140.

A. *Wal-Mart's Motion*

Wal-Mart's motion raises two issues that warrant discussion. First, Wal-Mart contends that Samara's trade

dress is not protectable because it is amorphous and contains non-distinctive features commonly and customarily used in children's clothing — themes such as strawberries and sail boats and fabrics such as seersucker — that are not sufficiently distinctive to indicate source. Second, Wal-Mart argues that even if Samara's trade dress is protectable, the record contains no evidence of consumer confusion or any intent on its part to mislead consumers into believing that they were buying Samara garments when they were actually buying Wal-Mart garments.

1. *Protectability*

Wal-Mart's protectability argument is based primarily on *Landscape Forms*. There, the Second Circuit confirmed its holding in *Knitwaves* that in considering "inherent distinctiveness" in "product design or configuration" cases, the question is "whether the design was likely to be understood as an indicator of the product's source." 113 F.3d at 378 (citing *Knitwaves*, 71 F.3d at 1008). Design cases — where the trade dress involves the design of a product rather than its packaging or labelling — are problematic, for the design of a particular product is less likely to be an indicator of source than packaging, labels, and trademarks. The *Landscape* Court cautioned that, in considering design cases, courts must remember that trade dress law is intended:

> to accord protection to symbols consumers are likely to rely upon in distinguishing goods, while denying protection that would hamper efforts to market competitive goods.

Id. at 380. The Court also noted that "when protection is sought for an entire line of products, [the] concern for protecting competition is acute." *Id.*

Here, Wal-Mart argues that the jury could not have reasonably found that Samara's trade dress was an indicator of source. According to Wal-Mart, the Samara "look" was so amorphous and used features so commonly found in children's clothing that it was not sufficiently distinctive to have identified Samara as being the source of the garments. While Wal-Mart's arguments have some merit, I am not persuaded that the jury's verdict should be set aside.

As the Second Circuit recognized in *Landscape*, "there is no question that trade dress may protect the 'overall look' of a product." 113 F.3d at 381; *accord Krueger Int'l, Inc. v. Nightingale Inc.*, 915 F. Supp. 595, 607 (S.D.N.Y. 1996) (holding that plaintiff had a protectable trade dress in the "overall look" of its chair). Even if " 'each element of a trade dress individually might not be inherently distinctive, . . . the combination of elements' may be indicative of source." *Landscape*, 113 F.3d at 381 (quoting *Jeffrey Milstein, Inc. v. Greger, Lawlor, Roth, Inc.*, 58 F.3d 27, 32 (2d Cir. 1995)).

Landscape identifies a number of factors that may be considered in determining whether a "design was likely to be understood as an indicator of the product's source." *Id.* at 377 (citing *Knitwaves*, 71 F.3d at 1008). These include the manufacturer's subjective intentions, whether the design was a common basic shape or design, whether it was unique or unusual in a particular field, whether it was a mere

refinement of a commonly adopted and well-known form of ornamentation for a particular class of goods, and the similarity of the product to others on the market. *Id.* at 378 n.3; *see also Seabrook Foods, Inc. v. Bar-Well Foods, Ltd.*, 568 F.2d 1342, 1344 (C.C.P.A. 1977). Other factors that may not directly shed light on whether a design is an indicator of source but that may be relevant indirectly — because they may show secondary meaning — include, as the jury was charged, the plaintiff's advertising expenditures, sales success, and attempts to plagiarize the plaintiff's trade dress. (Tr. 669).

The jury's conclusion that Samara's trade dress was sufficiently distinctive to be protectable is supported by the following evidence in the record: (1) the efforts made by Samara over the years to develop "the Samara look," to produce garments that "look like [they] come[ ] out of our office," that have a "consistent feel" to them, to "build a brand loyalty and establish a customer base" (Tr. 209); (2) Samara's consistent use of seersucker, large appliques usually integrated into the construction of the garments, and garment designs, including scalloped collars, matching pockets, and the lack of excess ornamentation, to develop a clean, simple, uncluttered but elegant "look" — a look of "simple sophistication" (Tr. 144-65); (3) Samara's advertising efforts, which include, for example, spending approximately $100,000 on advertising in 1996 (Tr. 63-65); (4) Samara's sales success; (5) Wal-Mart's efforts to plagiarize the Samara look; and (6) the garments themselves. The jury saw dozens of garments, not only Samara and Wal-Mart garments, but children's garments sold by many other companies as well. Thus, the jury saw for itself the

designs of the Samara products, the Wal-Mart products, and other competing products. While it is true that certain elements of Samara's designs were not protectable, the jury reasonably could have found that the combination of these elements was distinctive and thus protectable.

Mr. Kleist himself — Wal-Mart's buyer — acknowledged that there was a "Samara look." He testified:

> Q. Isn't it a fact, Mr. Kleist, that at least some of the samples that you saw you recognized as Samara garments because you had bought them when you were a buyer at Sears, isn't that right?
>
> A. Yes.
>
> . . .
>
> THE WITNESS: Like I said earlier, there were 20, 30, some number of seersucker samples. I don't remember which ones had labels, which ones did not have labels. There were probably some with labels and some without labels.
>
> Q. Did you recognize any of these garments as being Samara garments?
>
> A. I recognized the Samara type of look but do I know if they had Samara labels in them, no.

(Tr. 323, 394-95). Thus, Kleist's testimony supports the jury's finding that the overall design of Samara's garments

— including its trade dress and its "look" — was distinctive, and therefore protectable.

2. *Consumer Confusion*

Wal-Mart's second point that warrants discussion is its contention that the record does not support the jury's finding with respect to consumer confusion. I agree that Samara did not prove actual confusion. Hence, the question is whether the jury reasonably could have found that Wal-Mart deliberately sought to deceive consumers as to the source of its garments and, if so, whether the jury reasonably could have found that Wal-Mart had failed to rebut the resulting presumption of consumer confusion.

The jury's findings in this respect are supported by substantial evidence in the record. First, there was compelling evidence that Wal-Mart intentionally copied Samara's garments. For example, Mr. Kleist testified that he asked Mr. Safdieh, an employee of defendant Judy Philippine, Inc., to create seersucker garments under the Small Steps label that were based on a number of samples, some of which Mr. Kleist recognized as Samara garments. (Tr. at 322-23). Mr. Kleist went on to admit that the garments Wal-Mart ordered from Judy-Philippine were "very similar to some of the Samara garments." (Tr. at 448). In fact, of course, the garments were virtually identical. Indeed, when asked to compare a number of Wal-Mart garments to their corresponding Samara garments, Mr. Kleist admitted that they were "strikingly similar." (Tr. 340-41).

Second, the jury reasonably could have found that Wal-Mart intended to confuse consumers as to the source of its garments. As Samara argued at the hearing on July 14, 1997, the breadth of the copying is incriminating. Wal-Mart sold millions of dollars of the garments in question and it copied not just one garment but an entire series of garments in different styles — all featuring the Samara "look." Wal-Mart's buyers knew that Samara's garments were being copied — the photographs attached to the quote sheets showed the Samara label and Kleist was aware of the Samara look. Yet, they purchased millions of dollars worth of the Samara knock-offs. The jury surely could have inferred that Wal-Mart copied the Samara "look" to confuse consumers.

The jury reasonably could have found that the public was being deceived in two ways. First, consumers might have been drawn initially to Wal-Mart's Samara knock-offs because they thought they were Samara. Even though the consumers might then have realized the garments were not Samara because of the labelling, they might have purchased them anyway because of the low price. They were still deceived. *See PAF S.r.l. v. Lisa Lighting Co., Ltd.*, 712 F. Supp. 394, 411 (S.D.N.Y. 1989) ("While a label may help in great degree to distinguish products whose designs are fairly common place . . . where the trade dress is distinctive and the products so closely resemble each other, labeling cannot preclude the possibility that confusion will occur. Consumers may be drawn initially to the infringing product precisely because its trade dress so closely resembles that of the other product.").

Second, the jury reasonably could have found that Wal-Mart was seeking to deceive consumers into believing they

were buying Samara garments, albeit at a lower price and under a Wal-Mart label. The jury could have concluded that consumers believed that, because of Wal-Mart's superior buying power and its ability to negotiate quantity discounts, they were actually buying Samara garments at a discount under a Wal-Mart's house label, when in fact they were buying a Samara knock-off.

Wal-Mart argues that the use of its own labels on these garments would prevent customers from being confused about the source of the garments, relying on Judge Sotomayor's observation that "labels, more than design, provide a 'traditional means of identifying the manufacturer of clothing.' " *Krueger Int'l, Inc.*, 915 F. Supp. at 604 (quoting *Stormy Clime Ltd. v. ProGroup, Inc.*,, 809 F.2d 971, 977 (2d Cir. 1987)). In other words, Wal-Mart contends the average consumer would have been alerted to the fact that the garment in question was not a "Samara" because the Wal-Mart label, such as *Cuties by Judy*, was on the garment.[2]

The mere placement of labels on allegedly infringing goods, however, does not preclude a finding of confusion. As the Second Circuit noted in *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, "[w]e do not mean to intimate that the

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2. Wal-Mart also argues that I erred in not including in my charge an instruction on labelling. The argument is rejected. Although I did not include the requested instruction in my charge, Wal-Mart did not raise an objection at the charging conference. (Tr. 482-508, 510-21, 588-89). Moreover, even in the absence of such an instruction, Wal-Mart was free to argue the point to the jury in summations. (*See, e.g.*, Tr. 506).

distinctive elements of any trade dress may be freely appropriated as long as the junior user clearly identifies the source of the goods." 973 F.2d 1033, 1047 (2d. Cir.); *Life Indus. Corp. v. Star Brite Distrib., Inc.*, 803 F. Supp. 646, 647-48 (E.D.N.Y. 1992) ("Defendants' contention that 'when a manufacturer clearly identifies itself on its label, it cannot be held liable for trade dress infringement' is incorrect."). Thus, the mere fact that Wal-Mart placed its own label on the garments does not absolve Wal-Mart of trade dress infringement, and the jury still could have found intent to deceive.

Wal-Mart also relies on a series of cases holding that evidence of copying by itself does not demonstrate that a defendant intentionally set out to deceive consumers. As Professor McCarthy has observed, however,

> Close similarity of trade dress in a plethora of detail raises a serious question of copying and *intent to confuse customers*. In such a situation, all heads turn to defendant to hear some explanation. When no credible explanation is forthcoming, the judge may well respond in the following vein: '[I]t would strain credulity even to consider that the imitations of the three packages was innocent and accidental. . . . The close copying of all three is eloquent expression of actual intent to pirate, to engage in perfidious invasion by deception of the lay public which buys the products.'

J. Thomas McCarthy, 1 McCarthy on Trademarks and Unfair Competition § 8:19, at 8-47 (4th ed. 1996) (emphasis

added) (quoting *Johnson & Johnson v. Quality Pure Mfg., Inc.*, 484 F. Supp. 975, 979-80 (D.N.J. 1979)).

Here, Wal-Mart copied not one, not three, but *thirteen* different garments. Wal-Mart's garments were virtually identical copies of Samara's, with only a few minor changes in details. The jury heard Wal-Mart's purported explanations, rejected them, and found that Wal-Mart had acted in bad faith specifically with the intent to confuse.

B. *Samara's Motion*

Samara seeks injunctive relief with respect to the trade dress claim. I will grant injunctive relief, but not to the extent requested.

Samara has proposed a broad injunction enjoining Wal-Mart from infringing Samara's trade dress, as expressed in seven categories of designs, including, for example:

> a boy's spring/summer overall-style garment with a single large applique placed either (i) in the center of the chest; or (ii) on the lower front of the garment, to the side.

(Plaintiff's Proposed Judgment, ¶ 2(g)).

The proposed injunction is not workable. I am permitting the jury's verdict on the trade dress claim to stand because the jury actually had Samara's garments and the Wal-Mart knock-offs before it. Hence, the jury could actually see Samara's garments as well as Wal-Mart's

garments and therefore it had a concrete and specific basis for deciding the issue of trade dress infringement. In terms of injunctive relief for the future, however, Samara has not been able to suggest sufficiently specific language. I cannot, for example, enjoin the use of a simple but sophisticated, clean and cute "look" in children's clothing.

I will, however, enjoin Wal-Mart from infringing Samara's trade dress by manufacturing, purchasing, selling, or otherwise distributing any garments (i) copied, directly or indirectly, from any Samara garment, or (ii) bearing appliques or applique combinations, designs, or placements copied, directly or indirectly, from any Samara garment, or (iii) designed using any Samara garment as a source.

II. ***Attorney's Fees***

I will award Samara attorneys' fees under both the Lanham Act, 15 U.S.C. § 1117(a) ("The court in exceptional cases may award reasonable attorney fees to a prevailing party."), and section 349(h) of the New York General Business Law ("The court may award reasonable attorney's fees to a prevailing plaintiff."). *See Bambu Sales, Inc. v. Ozak Trading Inc.*, 58 F.3d 849, 854 (2d Cir. 1995) (jury finding of wilful infringement is sufficient to satisfy the "exceptional" case requirement under the Lanham Act); *H.W. Carter & Sons, Inc. v. William Carter Co.*, 913 F. Supp. 796, 805 (S.D.N.Y. 1996) (attorneys' fees may be awarded where party has acted in bad faith, wilfully, intentionally, and with callous and reckless disregard for plaintiff's rights, or maliciously, fraudulently, or deliberately).

In determining the amount in attorneys' fees to be awarded, I have reviewed the supporting documentation submitted by Samara, including the time sheets and descriptions of each attorney's experience and background, and I have considered the factors usually considered in determining fee applications, including the skill and time required to litigate the case, the complexity of the issues, the customary rates charged for the type of work, and the results achieved. *See Riordan v. Nationwide Mut. Fire Ins. Co.*, 977 F.2d 47, 53 (2d Cir. 1992) (discussing the standard to be applied in § 349 cases); *see also PAF S.r.l*, 712 F. Supp. at 414 (Lanham Act case).

I have considered Wal-Mart's objections to the fee application and they are rejected.

I will award attorneys' fees to plaintiff in the amount of $275,000 and costs of $33,196.

CONCLUSION

Wal-Mart's motion for judgment as a matter of law or for a new trial as to the trade dress claims is denied. Samara's motion for injunctive relief and attorneys' fees is granted to the extent set forth above.

SO ORDERED.

Dated: New York, New York
July 17, 1997

s/ Denny Chin
DENNY CHIN
United States District Judge

APPENDIX C — JUDGMENT OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK DATED JULY 17, 1997

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

96 Civ. 5032 (DC)

SAMARA BROTHERS, INC.,

Plaintiff,

– against –

JUDY-PHILIPPINE, INC., K MART CORPORATION, THE CALDOR CORPORATION, WAL-MART STORES, INC., HILLS DEPARTMENT STORES, INC. and JOHN DOES 1-50,

Defendants.

JUDGMENT

CHIN, D. J.

This action having come on for trial as between plaintiff Samara Brothers, Inc. ("Samara") and defendant Wal-Mart Stores, Inc. ("Wal-Mart") before the Court and a jury, and the Court having instructed the jury to find a special verdict, and the jury having duly found such verdict, and the Court having considered the evidence and heard argument on post-trial motions and plaintiff's equitable claims in the case, and the Court having rendered a decision from the

bench on July 14, 1997 as well as a written decision dated July 17, 1997 on the post-trial motions,

IT IS ORDERED, ADJUDGED AND DECREED that:

1. Wal-Mart is hereby enjoined from infringing any of the following valid registered copyrights owned by Samara: VA 751-717 through VA 751-726, VA 768-792, VA 768-793 and VA 768-841.

2. Wal-Mart is hereby enjoined from infringing any other copyright that Samara has registered or may register in the future.

3. Wal-Mart is hereby enjoined from:

(a) manufacturing, purchasing, importing, selling or otherwise distributing any garments copied directly or indirectly from a Samara garment;

(b) manufacturing, purchasing, importing, selling or otherwise distributing any garments featuring appliques, applique combinations, or applique arrangements that were copied directly or indirectly from a Samara garment; and

(c) designing or ordering any garments (or garment components such as appliques) using any Samara garment, applique, or applique arrangements or combinations as a source or basis.

4. Samara shall recover of Wal-Mart the sum of $1,584,187, consisting of the following:

Appendix C

(a) Wal-Mart's profits in the amount of $1,153,315;

(b) prejudgment interest (through today) in the amount of $122,676; and

(c) attorneys' fees in the amount of $275,000 and costs in the amount of $33,196.

SO ORDERED.

Dated: New York, New York
July 17, 1997

s/ Denny Chin
DENNY CHIN
United States District Judge

APPENDIX D — ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT DENYING PETITION FOR REHEARING DATED AND FILED APRIL 21, 1999

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT
UNITED STATES COURT HOUSE
40 FOLEY SQUARE
NEW YORK 10007

CAROLYN CLARK CAMPBELL
CLERK

At a stated term of the United States Court of Appeals for the Second Circuit, held at the United States Courthouse, Foley Square, in the City of New York, on the 21st day of April one thousand nine hundred and ninety-nine.

Dkt No: 97-7933

Samara Brothers, Inc.,

Plaintiff – Appellee,

v.

Wal-Mart Stores,

Defendant – Appellant.

A petition for panel rehearing and a petition for rehearing en banc having been filed herein by the appellant Wal-Mart Stores.

Appendix D

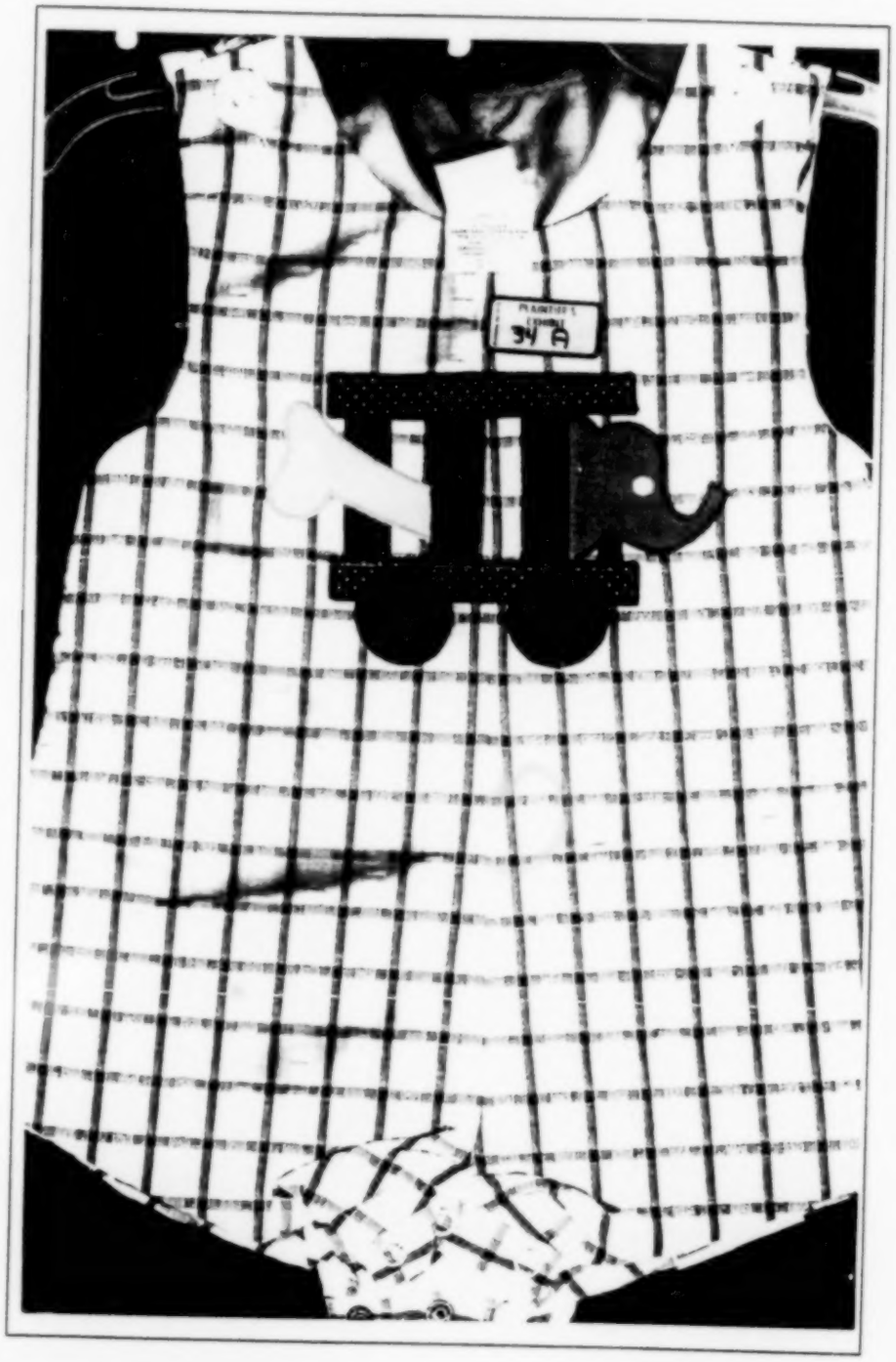
Upon consideration by the panel that decided the appeal, it is Ordered that said petition for rehearing is **DENIED.**

It is further noted that the petition for rehearing en banc has been transmitted to the judges for the court in regular active service and to any other judge that heard the appeal and that no such judge has requested that a vote be taken thereon.

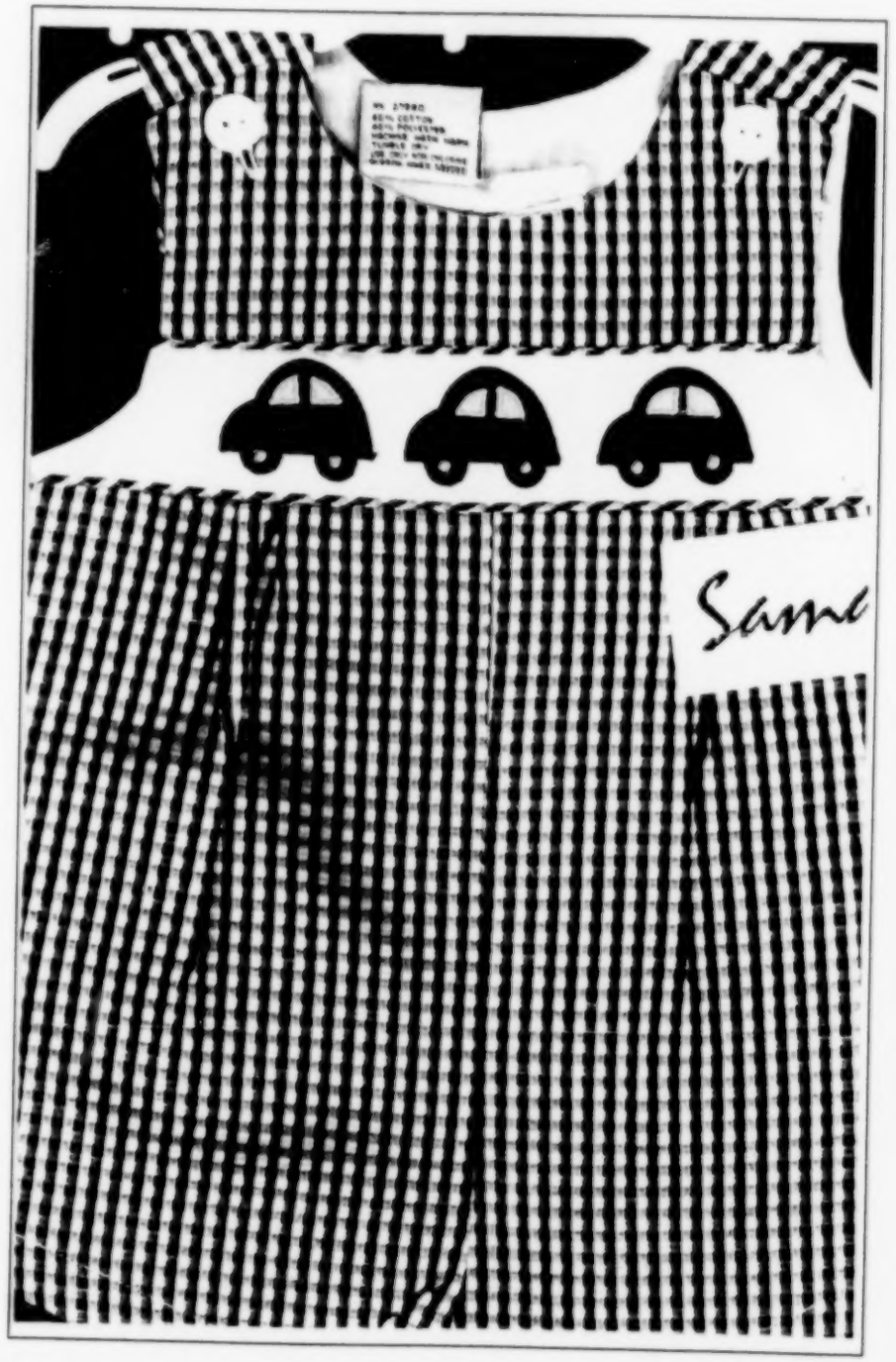
FOR THE COURT
CAROLYN CLARK CAMPBELL,
Clerk

By: s/ Beth J. Meador
Beth J. Meador
Administrative Attorney

APPENDIX E — RESPONDENT'S EXHIBIT 34A (OVERALLS WITH CIRCUS WAGON APPLIQUE)



APPENDIX F — RESPONDENT'S EXHIBIT 10A (OVERALLS WITH CAR APPLIQUES IN MIDRIFF)



APPENDIX G — RESPONDENT'S EXHIBIT 6A (DRESS WITH HEART APPLIQUES)